

Form PTO-1595  
(rev 3/1)

**RECORDATION FORM COVER SHEET  
PATENTS ONLY**

U. S. Department of Commerce  
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

**Fasma, LLC**

Individual(s)  Association  
 General Partnership  Limited Partnership  
 Corporation

Other – **Delaware LLC**

Additional name(s) of conveying party(ies) attached?  Yes  No

2. Name and Address of receiving party(ies)

**Hilco Wholesale, LLC  
5 Revere Drive, Suite 205  
Northbrook, IL 60062**

Individual(s) citizenship

Association  
 General Partnership  
 Limited Partnership  
 Corporation

Other – **Illinois LLC**

Additional name(s) & address(es) attached?  Yes  No

3. Nature of conveyance:

Assignment  Merger  
 Security Agreement  Change of Name

Other: **U.S. Bankruptcy Court**

**Nothern District of Illinois Order  
Authorizing Sale of Assets Free and  
Clear of Liens**

Execution Date: **September 23, 2003**

4. Application number(s) or patent number(s):

A. Patent Application No(s).

B. Patent No(s).

5344027 D298716  
D343924 D347789  
D362179 D368426

Additional numbers attached?  Yes  No

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

**Carole V. Aciman, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP  
Four Times Square  
New York, New York 10036**

6. Total number of applications/patents involved: **6**

7. Total fee (37 CFR 3.41) **\$240**

All fees and any deficiencies are authorized to be charged to Deposit Account  
**(Our Ref. 081160/2)**

8. Deposit Account No. **19-2385**

DO NOT USE THIS SPACE

9. 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.*

Carole V. Aciman

Name

*Carole Aciman*  
Signature

January 5, 2004

Date

Total number of pages including cover sheet, attachments, and document: **61**

CH \$240.00 192385 5344027

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re: ) Case No. 03 B 19465
) 03 B 19468
SARAH MICHAELS, INC., ) 03 B 24425
SARAH MICHAELS, LLC, ) (Jointly Administered)
FASMA, LLC, ) Chapter 11
Debtors. ) Hon. Jack B. Schmetterer

ORDER AUTHORIZING AND APPROVING THE SALE OF CERTAIN OF THE
DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES

Upon the motion (the "Motion")<sup>1</sup> of the above-captioned debtors and debtors-in-
possession (the "Debtors"), for, inter alia, entry of an order under 11 U.S.C. §§ 105(a) and 363
and Fed. R. Bankr. P. 2002, 6004 and 9014 authorizing and approving the sale (the "Sale") of
certain of the Debtors' assets free and clear of liens, claims and encumbrances, pursuant to the
terms of that certain Asset Purchase Agreement dated as of September 15, 2003, among Hilco
Wholesale, LLC (the "Buyer"), and the Debtors (the "Agreement"), and the Court having entered
an order on June 19, 2003 (the "Sale Procedures Order"), approving the conduct of an auction for
certain of the Debtors' assets; and a hearing on the Motion having been held on September 23,
2003 (the "Sale Hearing"), at which time all interested parties were offered an opportunity to be
heard with respect to the Motion; and the Court having reviewed and considered (i) the Motion,
(ii) the objections thereto, if any, and (iii) the arguments of counsel made, and the evidence

<sup>1</sup> Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed
to them in the Motion or the Agreement, as the case may be; as to any conflicts with
respect to such terms, the meanings contained in the Agreement shall control over the
meanings contained in the Motion.

Handwritten signature and stamp area.

proffered or adduced, at the Sale Hearing; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estate and creditors and other parties in interest; and upon the record of the Sale Hearing and these cases; and after due deliberation thereon; and good cause appearing therefor, it is hereby

**FOUND AND DETERMINED THAT:<sup>2</sup>**

A. The Court has jurisdiction over this Motion and the transactions contemplated by the Agreement pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (N). Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief sought in the Motion are sections 105 and 363 of 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), and Fed. R. Bankr. P. 2002, 6004 and 9014.

C. As evidenced by the affidavits of service previously filed with the Court, and based on the representations of counsel at the Hearing, (i) proper, timely, adequate and sufficient notice of the Motion, the Sale Hearing, the Sale has been provided in accordance with 11 U.S.C. §§ 102(I), 363 and Fed. R. Bankr. P. 2002, 6004 and 9014 and in compliance with the Sale Procedures Order, (ii) such notice was good and sufficient, and appropriate under the particular circumstances, and (iii) no other or further notice of the Motion, the Sale Hearing or the Sale is or shall be required.

D. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Sale Hearing and (ii) the representations of counsel made on the record at the Sale Hearing,

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<sup>2</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

the Debtors have marketed the Acquired Assets and conducted the sale process in compliance with the Sale Procedures Order and the Auction was duly noticed and conducted in a non-collusive, fair and good faith manner.

E. Each Debtor (i) has full corporate power and authority to execute the Agreement and all other documents contemplated thereby, and the sale of the Acquired Assets by the Debtors has been duly and validly authorized by all necessary corporate action of each of the Debtors, (ii) has all of the corporate power and authority necessary to consummate the transactions contemplated by the Agreement, (iii) has taken all corporate action necessary to authorize and approve the Agreement and the consummation by such Debtors of the transactions contemplated thereby, and (iv) no consents or approvals, other than those expressly provided for in the Agreement, are required for the Debtors to consummate such transactions.

F. Approval of the Agreement and consummation of the Sale at this time are in the best interests of the Debtors, their creditors, their estates, and other parties in interest.

G. The Debtors have demonstrated both (i) good, sufficient, and sound business purpose and justification and (ii) compelling circumstances for the Sale pursuant to 11 U.S.C. § 363(b) prior to, and outside of, a plan of reorganization in that, among other things, absent the Sale the value of the Acquired Assets will be harmed.

H. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

I. The Agreement was negotiated, proposed and entered into by the Debtors and the Buyer without collusion, in good faith, and from arm's-length bargaining positions. Neither the Debtors nor the Buyer have engaged in any conduct that would cause or permit the Agreement to be avoided under 11 U.S.C. § 363(a).

J. The Buyer is a good faith purchaser under 11 U.S.C. § 363(m) and, as such, is entitled to all of the protections afforded thereby.

K. The Buyer is not an "insider" of any of the Debtors, as that term is defined in 11 U.S.C. § 101.

L. The consideration provided by the Buyer for the Acquired Assets pursuant to the Agreement (i) is fair and reasonable, (ii) is the highest or otherwise best offer for the Acquired Assets, (iii) will provide a greater recovery for the Debtors' creditors than would be provided by any other practical available alternative, and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

M. The transfer of the Acquired Assets to the Buyer will be a legal, valid, and effective transfer of the Acquired Assets, authorized pursuant to the Bankruptcy Code, and will vest the Buyer with all right, title, and interest of the Debtors to the Acquired Assets free and clear of all Interests (as defined below), including, but not limited to those (A) that purport to give to any party a right or option to effect any forfeiture, modification, right of first refusal, or termination of the Debtors' or the Buyer's interest in the Acquired Assets, or any similar rights, (B) relating to taxes arising under or out of, in connection with, or in any way relating to the operation of the Debtors' business prior to the Closing Date, and (C) (i) all mortgages, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, liens, judgments, demands, encumbrances, rights of first refusal or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership and (ii) all debts arising in any way in connection with any agreements, acts, or failures to act, of any of the Debtors or any of the Debtors'

predecessors or affiliates, claims (as that term is defined in the Bankruptcy Code), obligations, liabilities, demands, guaranties, options, rights, contractual or other commitments, restrictions, interests and matters of any kind and nature, whether known or unknown, contingent or otherwise, whether arising prior to or subsequent to the commencement of these bankruptcy cases, and whether imposed by agreement, understanding, law, equity or otherwise, ~~including but not limited to claims otherwise arising under doctrine of successor liability to the extent permitted by law~~ (collectively, "Interests").

N. The Buyer would not have entered into the Agreement and would not consummate the transactions contemplated thereby, thus adversely affecting the Debtors, their estates, and their creditors, if the sale of the Acquired Assets to the Buyer was not free and clear of all Interests or any kind or nature whatsoever, or if the Buyer would, or in the future could, be liable for any of the Interests.

~~O. The Buyer shall have no liability for any liability, claim (as that term is defined in section 101(5) of the Bankruptcy Code) or other obligation of or against the Sellers related to the Acquired Assets by reason of the transfer of the Acquired Assets to the Buyer. The Buyer shall not be deemed, as a result of any action taken in connection with the purchase of the Acquired Assets, to: (1) be a successor to the Sellers; or (2) have, *de facto* or otherwise, merged with or into the Sellers. The Buyer is not acquiring or assuming any liability, warranty or other obligation of the Sellers.~~

P. The Debtors may sell the Acquired Assets free and clear of all Interests of any kind or nature whatsoever because, in each case, one or more of the standards set forth in 11 U.S.C. § 363(f)(1)-(5) has been satisfied. Those holders of Interests who did not object, or who withdrew their objections, to the Sale or the Motion are deemed to have consented pursuant to 11

U.S.C. § 363(f)(2). Those holders of Interests who did object fall within one or more of the other subsections of 11 U.S.C. § 363(f) and are adequately protected by having their Interests, if any, attach to the cash proceeds of the Sale ultimately attributable to the property against or in which they claim an Interest.

Q. [Intentionally omitted]

R. Approval of the Agreement and consummation of the Sale of the Acquired Assets at this time are in the best interests of the Debtors, their creditors, their estates and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED

THAT,

General Provisions

1. The Motion is granted, as further described herein.
2. All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.

Approval of the Agreement

3. The Agreement, and all of the terms and conditions thereof, are hereby approved.
4. Pursuant to 11 U.S.C. § 363(b), the Debtors are authorized to perform their obligations under and comply with the terms of the Agreement, and consummate the Sale, pursuant to and in accordance with the terms and conditions of the Agreement.
5. The Debtors are authorized and directed to execute and deliver, and empowered to perform under, consummate and implement, the Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the

Agreement and to take all further actions as may be requested by the Buyer for the purpose of assigning, transferring, granting, conveying and conferring to the Buyer or reducing to possession, the Acquired Assets, or as may be necessary or appropriate to the performance of the obligations as contemplated by the Agreement without further order.

6. This Order and the Agreement shall be binding in all respects upon all creditors (whether known or unknown) of any Debtor, all successors and assigns of the Buyer, the Debtors and their affiliates and subsidiaries, and any subsequent trustees appointed in the Debtors' chapter 11 cases or upon a conversion to chapter 7 under the Bankruptcy Code and shall not be subject to rejection. Nothing contained in any chapter 11 plan confirmed in these bankruptcy cases or the confirmation order confirming any such chapter 11 plan shall conflict with or derogate from the provisions of the Agreement or this Order.

7. The Agreement and any related agreements, documents, or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court; provided that any such modification, amendment, or supplement is not material to the Debtors' estates.

#### Transfer of Assets

8. Except as expressly permitted or otherwise specifically provided for in the Agreement or this Order, pursuant to 11 U.S.C. §§ 105(a) and 363(f), the Acquired Assets shall be transferred to the Buyer, and upon consummation of the Agreement (the "Closing") shall be, free and clear of all Interests of any kind or nature whatsoever with all such Interests of any kind or nature whatsoever to attach to the net proceeds of the Sale in the order of their priority, with the same validity, force and effect which they now have as against the Acquired Assets, subject to any claims and defenses the Debtors may possess with respect thereto. In accordance with the



Final Order (1) authorizing Debtors as Debtors-in-possession to Incur Post-Petition Secured Indebtedness, (2) Granting Security Interests and Superpriority Claims pursuant to 11 U.S.C. Sections 363 and 364, (3) Granting Adequate Protection and (4) Modifying Automatic Stay (the "Financing Order") entered by the Court, all of the net proceeds of Sale shall be remitted to LaSalle Business Credit, LLC for application to the Indebtedness, as defined in, and in the manner specified in, the Financing Order.

~~9. Except as expressly permitted or otherwise specifically provided by the Agreement or this Order, all persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax, and regulatory authorities, lenders, trade and other creditors, holding interests of any kind or nature whatsoever against or in the Debtors or the Acquired Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising under or out of, in connection with, or in any way relating to, the Debtors, the Acquired Assets, the operation of the Debtors' business prior to the Closing Date, or the transfer of the Acquired Assets to the Buyer, hereby are forever barred, estopped, and permanently enjoined from asserting against the Buyer, its successors or assigns, its property, or the Acquired Assets, such persons' or entities' interests~~

10. Nothing in the Order or the Agreement releases or nullifies any liability to a governmental entity under police or regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the date of entry of this Order.

11. The transfer of the Acquired Assets to the Buyer pursuant to the Agreement constitutes a legal, valid, and effective transfer of the Acquired Assets, and shall vest the Buyer with all right, title, and interest of the Debtors in and to the Acquired Assets free and clear of all interests of any kind or nature whatsoever.

12. If any person or entity that has filed financing statements, mortgages, mechanic's liens, *lis pendens*, or other documents or agreements evidencing interests in the Debtors or the Acquired Assets shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all interests which the person or entity has with respect to the Debtors or the Acquired Assets or otherwise, then (a) the Debtors are hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Acquired Assets and (b) the Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all interests in the Acquired Assets of any kind or nature whatsoever.

Additional Provisions

13. On the Closing Date of the Sale, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release its interests in the Acquired Assets, if any, as such interests may have been recorded or may otherwise exist.

14. This Order <sup>subject to 91 & 109.</sup> (a) shall be effective as a determination that, on the Closing Date, all interests of any kind or nature whatsoever existing as to the Debtors or the Acquired Assets prior to the Closing have been unconditionally released, discharged and terminated (other than the Surviving Obligations), and that the conveyances described herein have been effected and (b) shall be binding upon and shall govern the acts of all entities including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of

state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Acquired Assets.

15. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to

consummate the transactions contemplated by the Agreement.

*with filing already required under the bankruptcy law.*

16. All entities who are presently, or on the Closing Date may be, in possession of some or all of the Acquired Assets are hereby directed to surrender possession of the Acquired Assets to the Buyer on the Closing Date.

17. This Court retains jurisdiction to enforce and implement the terms and provisions of the Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Acquired Assets to the Buyer, (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors, (c) resolve any disputes arising under or related to the Agreement, and (d) interpret, implement, and enforce the provisions of this Order.

18. The transactions contemplated by the Agreement are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale to the Buyer, unless such authorization is duly stayed pending such appeal. The Buyer is a Buyer in good faith of the Acquired Assets, and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

19. The terms and provisions of the Agreement and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, and their creditors, the Buyer, and its respective affiliates, successors and assigns, and any affected third parties including, but not limited to, all persons asserting an Interest in the Acquired Assets to be sold to the Buyer pursuant to the Agreement, notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding.

20. The failure specifically to include any particular provisions of the Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Agreement be authorized and approved in its entirety.

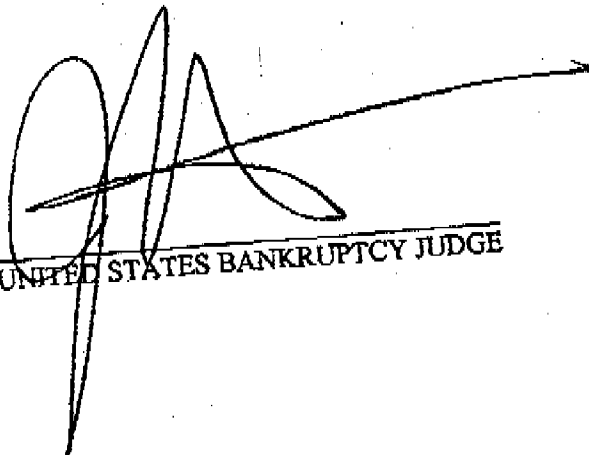
21. The Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates. ~~In the event that there is a conflict between the terms of this Order and the Agreement, the terms of the Agreement shall control, except in the case of paragraph ten of this Order which shall control in the event that paragraph ten of this Order and the Agreement are in conflict.~~

22. Each and every federal, state and local government agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transfer of any of the Acquired Assets, ~~or without imposition of personal stamp tax or similar tax.~~

23. This Court retains jurisdiction to enforce and implement the terms and provisions of this Order, including the provisions of paragraph 28 above.

24. As provided by Rules 6004(g) of the Federal Rules of Bankruptcy Procedure, this Order shall not be stayed for 10 days after the entry of the Order and shall be effective immediately upon entry.

Dated: Chicago, Illinois  
September 23, 2003



UNITED STATES BANKRUPTCY JUDGE

Exhibit A

**ASSET PURCHASE AGREEMENT**

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ASSET PURCHASE AGREEMENT,

Dated as of September 18, 2003

Among

HILCO WHOLESALE, LLC

BUYER

and

FASMA, LLC

SARAH MICHAELS, INC.

SARAH MICHAELS, LLC

SELLER

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THIS ASSET PURCHASE AGREEMENT, dated as of September \_\_, 2003 is by and among Hilco Wholesale, LLC, an Illinois limited liability company ("Buyer"), and FASMA, LLC, a Delaware limited liability company, SARAH MICHAELS, INC., a Delaware corporation and SARAH MICHAELS, LLC, a Delaware limited liability company (the latter three entities collectively referred to as "Seller" or "Debtor"). Capitalized terms used and not otherwise defined shall have the meanings ascribed to such terms in Section 17 hereof.

**WITNESSETH:**

WHEREAS, on May 1, 2003, the Debtor filed petitions under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court"); and

WHEREAS, Seller has determined that it is in Seller's best interests and Seller's bankruptcy estate's best interests to sell to Buyer, and Buyer wishes to purchase from Seller pursuant to Section 363 of the Bankruptcy Code and subject to higher and better offers in accordance with a bidding and auction process to be approved by the Bankruptcy Court, all of the right, title and interest of Seller in and to the Acquired Assets for such consideration as is herein set forth; and

WHEREAS, the assets and liabilities of the Business are subject to the supervision and control of Seller subject and pursuant to the jurisdiction of the Bankruptcy Court:

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement and the representations, warranties, covenants and agreements contained herein, Buyer, on the one hand, and Seller, on the other hand, hereby represent, warrant, covenant and agree as follows:

**Section 1. SALE AND PURCHASE.**

(a) Sale and Purchase of the Assets. Subject to the terms and conditions hereinafter set forth, on the Closing Date, Seller will sell, convey, transfer, assign and deliver or cause to be sold, conveyed, transferred, assigned and delivered to Buyer, and Buyer will purchase, acquire and take assignment and delivery of the Lot 2, Lot 3 and Lot 4 of Seller as set forth on Schedule A hereto and all of Seller's right, title and interest therein and thereto, free and clear of any and all Encumbrances of any kind except as specifically set forth herein (all of the assets to be sold, conveyed, transferred, assigned and delivered to Buyer hereunder are included in the term "Acquired Assets" as used herein).

(b) Excluded Assets. Notwithstanding anything to the contrary in this Agreement, Buyer shall not acquire any interest in any assets of Seller that do not constitute Acquired Assets, including but not limited to (i) all of the receivables of the Seller, and (ii) the assets of Seller or Seller's bankruptcy estates set forth on Schedule B hereto (collectively, the "Excluded Assets").

(c) Purchase Price and Payment. Subject to Section 1(e) hereof, the purchase price to be paid by Buyer to or for the benefit of Seller in accordance with the order of the Bankruptcy Court on the Closing Date for the Acquired Assets being purchased hereunder shall be \$3.7 million (the "Purchase Price"), and Buyer shall remit at Closing directly to the Lender the full amount of the Purchase Price as partial payment of the Indebtedness as defined in and in accordance with and subject to the provisions of the DIP Financing Order. Buyer has deposited with Seller's counsel the sum of \$50,000 in the form of a certified check or wire transfer of immediately available federal funds to be held in escrow by Seller's counsel in accordance with the provisions hereof (the "Deposit").

(d) Inventory Taking. Prior to the Closing, Seller and Buyer shall cause to be taken a physical inventory and a "SKU" inventory of the inventory (the "Inventory Taking") commencing on a date to be mutually agreed upon, but in no event later than 3 business days before the Closing. Buyer shall employ RGIS or another mutually acceptable inventory taking service to conduct the Inventory Taking. Buyer shall be responsible for of the costs and fees of the inventory taking service. Buyer and Seller shall each have representatives present during the Inventory Taking, and shall each have the right to review and verify the listing and tabulation of the inventory taking service.

(e) Purchase Price Adjustment. Seller and Buyer agree that:

(i) in the event that the final report of the inventory taking service indicates that the Cost Value of the Acquired Assets is less than the Cost Value for the Acquired Assets as set forth in Schedule A, then the Purchase Price shall be reduced by an amount equal to the aggregate Cost Value associated with such shortage multiplied by 25%;

(ii) in the event that the final report of the inventory taking service indicates that the Cost Value of the Acquired Assets is greater than the Cost Value for the Acquired Assets as set forth in Schedule A, then the Purchase Price shall be increased by an amount equal to the aggregate Cost Value associated with such shortage multiplied by 25%; and

(iii) Seller (or LaSalle Business Credit, LLC, or its designee) shall have the right, but not the obligation, to purchase up to \$1.0 million of Cost Value of the Acquired Assets necessary to fulfill the "holiday" and "Kenny's" orders (such orders not to exceed \$1.9 million in the aggregate) at a purchase price equal to the Cost Value of the Acquired Assets multiplied by 25%. "Cost Value" shall mean the cost values for the inventory in the documentation attached to the bid procedures provided by Seller to Buyer on September 11, 2003.

Section 2. THE CLOSING. The closing of the sale and transfer of the Acquired Assets (the "Closing") shall take place at Latham & Watkins, Sears Tower, 233 South Wacker Drive, Chicago, IL 60606, as soon as practicable immediately after entry of the Sale Order (the "Closing Date"), unless otherwise agreed in writing by the parties hereto.

Section 3. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby represents and warrants to Buyer, which representations and warranties shall be true, correct and complete in all material respects to the actual knowledge of Seller (without any inquiry or investigation) on the date hereof and on the Closing Date that:

(a) Execution and Delivery. This Agreement has been duly executed and delivered by Seller and, following the approval of this Agreement and the transactions contemplated hereby by the Bankruptcy Court pursuant to the Sale Order, will constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with its terms, subject to the Sale Order not being subject to any stay or appeal.

(b) No Other Agreements to Sell the Acquired Assets. Seller has no legal obligation, whether absolute or contingent or direct or indirect, to any other Person to sell or otherwise convey, and has not granted any Person any option to purchase, the Acquired Assets (other than sales of inventory in the ordinary course of business) or to enter into any agreement with respect thereto.

(c) Title to Assets. Good and valid title to all the Acquired Assets shall be transferred to Buyer at Closing pursuant to the Sale Order.

(d) Limitation on Seller's Representations and Warranties. Buyer represents that it has inspected and is fully familiar with the Acquired Assets and hereby covenants and agrees to accept the same "AS IS," "WHERE IS" and "WITH ALL FAULTS" on the date hereof and on the Closing Date. Seller has not made, and is not willing to make, any representations or warranties as to the physical condition of the Acquired Assets, their contents, the income or commissions derived or potentially to be derived from the Acquired Assets, the expenses incurred or potentially to be incurred in connection with the Acquired Assets or any aspect of the Accepted Liabilities. Seller is not, and will not be, liable or bound in any manner by express or implied warranties, guarantees, statements, promises, representations or information pertaining to the Acquired Assets, made or furnished by any broker, agent, employee, servant or other Person representing or purporting to represent Seller, unless such are expressly and specifically set forth herein.

Section 4. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby represents and warrants to Seller on the date hereof and on the Closing Date that:

(a) Buyer's Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power to carry on its business and consummate the transactions contemplated hereunder.

(b) Authority, Execution and Delivery. Buyer has full corporate power and authority to enter into this Agreement and to purchase the Acquired Assets and assume the Accepted Liabilities in accordance with the terms hereof. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Buyer have been duly and effectively authorized, and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with its terms.

(c) No Brokers. Neither Buyer nor any of its affiliates has entered into or will enter into any agreement, arrangement or understanding with any Person which will result in the obligation of Seller to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

(d) Consents, No Conflicts, Etc. Neither the execution and delivery of this Agreement and the consummation by Buyer of the transactions contemplated herein nor compliance by Buyer with any of the provisions hereof will (with or without the giving of notice or the passage of time) (i) violate, conflict with, result in a breach of, or constitute a default under, any of the terms, conditions or provisions of the certificate of organization, partnership agreement, limited liability company agreement, by-laws or similar instrument of Buyer, (ii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer or any of its assets or properties, or (iii) require the consent, approval, permission or other authorization of or by or filing or qualification with any court, arbitrator or governmental, administrative, or self-regulatory authority, except for such consents, approvals, permissions, authorizations, filings or qualifications the failure of which to obtain or make prior to the Closing would not adversely affect the ability of Buyer to consummate the transactions contemplated by this Agreement. Buyer knows of no reasons why Buyer should not receive, on or before Closing, all governmental authorizations and permits necessary for Buyer to acquire and own the Acquired Assets.

(c) Availability of Funds. Buyer has and will have at Closing sufficient funds to pay the Purchase Price and to consummate the transactions contemplated herein, and without limiting the foregoing, Buyer acknowledges and agrees that its obligation to consummate the transactions contemplated herein is not contingent on obtaining financing from any financial institution or other Person.

(f) "AS IS" Purchase. Buyer hereby acknowledges and agrees that, except as otherwise expressly provided in Section 4 hereof, (i) Seller makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Acquired Assets, and (ii) Buyer shall accept the Acquired Assets "AS IS," "WHERE IS" and "WITH ALL FAULTS" as of the Closing Date. Without in any way limiting the foregoing, Seller hereby disclaims any warranty (express or implied) of merchantability or fitness for any particular purpose as to any Acquired Asset.

#### Section 5. CERTAIN COVENANTS AND AGREEMENTS.

(a) Certain Fees and Expenses. Except as otherwise provided herein, each party hereto shall be responsible for and shall pay all fees and expenses incurred by it relating to the transactions contemplated hereby including all fees and expenses of counsel and auditors engaged by it.

(b) Mutual Cooperation. The parties hereto will cooperate with each other, and will use all reasonable efforts to cause the fulfillment of the conditions to the parties' obligations hereunder.

(c) Use of Seller's Facilities. For the purpose of removing the Acquired Assets from Seller's Facilities (as defined herein), for a period of forty-five (45) days from the Closing Date, Buyer shall have the right to the unencumbered use and occupancy of, and peaceful and quiet possession of Seller's facilities where the Acquired Assets are currently located (the "Facilities"), the fixtures and equipment currently located at the Facilities, and the utilities, telephone and other services provided at the Facilities. Buyer shall occupy the Facilities as a licensee and shall not be obligated to pay any rent or other charges therefore; provided, however, Buyer shall be obligated to pay any and all expenses incurred in connection with the continued employment of Seller's existing employees and any other personnel hired on or after the Closing Date. Seller acknowledges that Buyer is not an insurer of Seller's personal property.

(d) License. Buyer hereby grants both Seller and Lender (and their respective designees) a royalty-free license to use the intellectual property constituting Acquired Assets for the limited purpose of facilitating the liquidation or other disposition of the Excluded Assets.

(c) Acquired Asset Sales. Except as otherwise provided for in Section 1(c) hereof, Seller shall not sell or otherwise dispose of any of the Acquired Assets without the prior consent of Buyer (which consent shall not be unreasonably withheld).

Section 6. CONDITIONS TO EACH PARTY'S OBLIGATIONS. The respective obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver on or prior to the Closing Date of the following conditions:

(a) Sale Order. The Bankruptcy Court shall have entered one or more orders (the "Sale Order") pursuant to Sections 363, 365 and other applicable provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (A) authorizing and approving the sale to Buyer pursuant to this Agreement of the Acquired Assets, and approving the terms of this Agreement, and (B) finding that Buyer is acting in good faith and is entitled to the protections of a buyer under Section 363(m) of the Bankruptcy Code.

(b) Injunctions. There shall not be outstanding any injunction, decree or order of any court or governmental department or agency prohibiting the consummation of the transactions contemplated by this Agreement.

(c) No Change in Law. There shall not have been any action taken or any statute enacted by any governmental authority which would render the parties unable to consummate the transactions contemplated hereby or make the transactions contemplated hereby illegal or prohibit the consummation of the transactions contemplated hereby.

(d) Governmental Approvals and Consents. Except to the extent not required pursuant to the Bankruptcy Code or under this Agreement, Seller and Buyer shall have obtained and delivered to the other all material approvals and consents from governmental or regulatory bodies or agencies, whether Federal, state, local or foreign without which the transactions contemplated hereby could not legally be consummated.

(e) Completion of the Inventory Taking. The Inventory Taking shall have been completed and the final report of the inventory taking service shall have been issued setting forth the Cost Value of the Acquired Assets for purposes of determining any adjustments to the Purchase Price as set forth in Section 1(e) hereof.

Section 7. CONDITIONS TO OBLIGATIONS OF BUYER. The obligation of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or the waiver by Buyer, on or prior to the Closing Date, (or in certain circumstances specified below, prior to the Auction Time) of the following conditions:

(a) Representations and Warranties True at the Closing Date. The representations and warranties of Seller contained in this Agreement shall be deemed to have been made on and as of the Closing Date and shall then be true and correct in all material respects as of the Closing Date with the same force and effect as though the same had been made on and as of the Closing Date, and on the Closing Date Seller shall have delivered to Buyer a certificate to such effect; provided, however, that (i) Buyer shall be deemed to have waived any breach by Seller of any representation or warranty occurring prior to Auction Time as to which Buyer has actual knowledge prior to the Auction Time, unless prior to the Auction Time, Buyer shall have terminated this Agreement pursuant to Section 10 hereof based in whole or in part on such breach and (ii) the failure of any such representations or warranties to be true and correct in all material respects as of the Closing Date shall not constitute a basis for Buyer to refuse to consummate the transactions contemplated hereby unless such failure has or would reasonably be expected to have a material adverse affect on Buyer's ability to perform its obligations under this Agreement.

(b) Seller's Performance. Each of the obligations of Seller, to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by the Closing Date, in all material respects; provided, however, that (i) Buyer shall be deemed to have waived any breach by Seller of any covenant occurring prior to the Auction Time as to which Buyer has actual knowledge prior to the Auction Time unless prior to the Auction Time, Buyer shall have terminated this Agreement pursuant to Section 10 hereof in whole or in part on such breach and (ii) the failure to perform any such obligations in all material respects as of the Closing Date shall not constitute a basis for Buyer to refuse to consummate the transactions contemplated hereby unless such failure has or would reasonably be expected to have a material adverse affect on Buyer's ability to perform its obligations under this Agreement.

Section 8. CONDITIONS TO OBLIGATIONS OF SELLER. The obligations of Seller to consummate the transactions contemplated hereby shall be subject to the fulfillment, or the waiver by Seller, on or prior to the Closing Date, of the following conditions:

(a) Representations and Warranties True at the Closing Date. The representations and warranties of Buyer contained in this Agreement shall be deemed to have been made at and as of the Closing Date and shall then be true and correct in all material respects as of the Closing Date with the same force and effect as though the same had been made on and as of the Closing Date, and on the Closing Date Buyer shall have delivered to Seller a certificate to such effect, signed by an officer of Buyer; provided, however, the failure of any such representations or warranties to be true and correct in all material respects as of the Closing Date shall not constitute a basis for Seller to refuse to consummate the transactions contemplated hereby unless such failure has or would reasonably be expected to have a material adverse affect on Seller's ability to perform its obligations under this Agreement.

(b) Buyer's Performance. Each of the obligations of Buyer to be performed on or before the Closing Date under the terms of this Agreement, including payment of the Purchase Price under the terms hereof and the provision of all assurances of future performance required to be provided by Buyer hereunder so that all contracts and unexpired leases constituting part of the Acquired Assets may be assumed by Seller and assigned to Buyer in accordance with the provisions of Section 365 of the Bankruptcy Code, shall have been duly performed by the Closing Date in all material respects; provided, however, that the failure to perform any such obligations in all material respects as of the Closing Date shall not constitute a basis for Seller to refuse to consummate the transactions contemplated hereby unless such failure has or would reasonably be expected to have a material adverse affect on Seller's ability to perform its obligations under this Agreement.

Section 9. NATURE AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES, ETC.

(a) Survival of Representations, Warranties, Etc. None of the representations, warranties and covenants required hereunder or under any other agreement, instrument or document executed in connection herewith shall survive the Closing and shall terminate on the next day following the Closing Date.

(b) No Other Representations. Notwithstanding anything to the contrary contained herein and notwithstanding any delivery or disclosure to Buyer or its officers, directors, employees, agents or other representatives of any documentation or other information, it is the explicit intent of each party hereto that Seller is making no other representations or warranties whatsoever, express or implied, (including any implied representation or warranty as to condition, merchantability or suitability as to any of the Acquired Assets) except those representations and warranties contained in Section 3.

Section 10. TERMINATION.

(a) Termination. This Agreement may be terminated by written notice at any time prior to the Closing Date:

- (i) By mutual consent of Buyer and Seller;
- (ii) By Buyer or by Seller if the other party hereto shall violate in any material respect any representation, warranty or covenant to be performed by said other party (which violation would result in the failure to satisfy one or more of the conditions set forth in Section 7 or Section 8, as applicable) or shall intentionally fail or refuse to

consummate the transactions contemplated hereby or to take any other material action referred to herein necessary to consummate the transactions contemplated hereby after affording such defaulting party a five (5) day period after notice in which to cure such default;

(iii) By Buyer or by Seller if the Closing shall not have taken place on or before the Outer Closing Date; or

(iv) By Buyer or Seller (at the direction or with the consent of Lender) if the final report of the Inventory Taking indicates that the Cost Value of the Acquired Assets is materially different from the Cost Value of the Acquired Assets set forth on Schedule A;

(b) Effect of Termination. In the event of the termination of this Agreement as provided in Section 10(a), this Agreement shall forthwith become wholly void and of no further force and effect and, other than with respect to the defaulting party in the event of a termination pursuant to Section 10(a)(ii), there shall be no liability on the part of Seller or Buyer or their respective officers, directors or partners (except as set forth in Sections 10(c) and 11 hereof); provided, however, that this Section 10(b) and 10(c) and Section 11 shall survive termination of this Agreement.

(c) Payment of Damages upon Breach. If the transactions contemplated by this Agreement are not consummated because one party (the "Non-Breaching Party") terminates this Agreement as a result of a material breach of this Agreement by the other party (the "Breaching Party"), the Breaching Party shall upon the occurrence of any such event, reimburse the Non-Breaching Party as follows: (i) if Buyer is the Non-Breaching Party, Buyer shall be entitled to the return of its Deposit plus actual damages resulting from such breach, and (ii) if Seller is the Non-Breaching Party, Seller shall automatically be entitled to retain the Deposit and all other rights and remedies available under applicable law. The remedy provided by this Section 10(c) shall be the sole and exclusive remedy of the Non-Breaching Party for any breach by the Breaching Party of any of its obligations hereunder.

Section 11. PAYMENT OF CERTAIN EXPENSES. Buyer shall be responsible for all Federal, state, county, local and foreign taxes (including any transfer taxes) which may be payable by reason of the purchase and sale pursuant to this Agreement of the Acquired Assets. Except as otherwise expressly provided in this Agreement, each party will be liable for its own costs and expenses incurred in connection with the negotiation, preparation, execution or performance of this Agreement.

Section 12. WAIVER; CERTAIN CONSENTS. Any of the terms or conditions of this Agreement may be waived at any time and from time to time in writing by the party entitled to the benefits thereof without affecting any other terms or conditions of this Agreement.

Section 13. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, addressed or telecopied to the address or telecopier number set forth below and shall be deemed to have been made (i) on the date of service if served personally on the party, (ii) on the first Business Day after delivery to an overnight courier service if first available delivery is indicated and paid for, (iii) on the third Business Day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, or (iv) on the date of transmission, if sent by telecopier and confirmation of transmittal is received by the transmitting party. Any party may change its address for purposes of this paragraph by giving the other parties written notice of the new address in the manner set forth above.



If to Seller, to:

FASMA, LLC  
1420 Kensington Road  
Suite 102  
Oak Brook, IL 60523  
Attn: Brian Rujawitz

with copies to:

Richard A. Levy, Esq.  
Latham & Watkins  
Sears Tower, Suite 5800  
233 S. Wacker Dr.  
Chicago, IL 60606

If to Buyer, to:

Hilco Wholesale, LLC  
5 Revcre Drive, Suite 206  
Northbrook, IL 60062  
Attn: Jamie Teich

Section 14. ENTIRE AGREEMENT; AMENDMENT. This Agreement and the other agreements referred to herein and entered into in connection herewith and the Sale Order and the Order approving the auction procedure, set forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersede all prior agreements, arrangements and understandings relating to the subject matter hereof. This Agreement may be amended or modified only by a written instrument executed by Buyer, Seller and Lender or by their successors and assigns. Notwithstanding anything to the contrary in this Agreement, the Lender (i) is not making any representations or warranties to any or all of Seller and Buyer or any affiliate of Seller or Buyer in connection with this Agreement or any other agreement, instrument, certificate or document executed in connection herewith or therewith or the transactions contemplated herein or therein, (ii) shall not be liable to any Person for any breach by Seller or Buyer or any affiliate or assignee of Seller or Buyer of any of their respective representations, warranties, covenants or other agreements in connection with this Agreement or any other agreement, instrument, certificate or document executed in connection herewith or therewith or the transactions contemplated herein or therein, and (iii) shall not have any obligations or liabilities under or in respect of any of this Agreement or any other agreement, instrument, certificate or document executed in connection herewith or therewith or the transactions contemplated herein or therein.

Section 15. GENERAL. This Agreement: (i) shall be governed by, construed and enforced in accordance with the Bankruptcy Code and the substantive laws of the State of Illinois without regard to the conflict of laws principles thereof; (ii) shall inure to the benefit of and binding upon the successors and permitted assigns of Seller and Buyer. Nothing in this Agreement, expressed or implied, shall, or is intended to confer upon any other Person (except for the Lender, who shall be deemed a third party beneficiary hereof) any rights or remedies hereunder, provided, that, except as otherwise provided herein, neither party hereto may assign its rights or obligations hereunder without the prior written consent of the other party hereto, except that (A) Buyer may assign this Agreement to one or more affiliates of Buyer, (B) this Agreement may be assigned to a trustee or other estate representative appointed to succeed to the rights of Seller, and (C) to the extent provided in the DIP Financing Order and the DIP Loan Documents (as defined in the DIP Financing Order), Lender shall have a lien on Seller's right, title and interest in and to this Agreement and all other agreements, instruments, certificates and documents executed in connection therewith; provided, however, that no such assignment shall relieve the assignor of its liability hereunder; and (iii) may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The

Section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any legal action or proceeding relating to disputes between the parties hereto solely arising under this Agreement shall be brought in the Bankruptcy Court and, by execution and delivery of this Agreement, Seller hereby accepts for itself and for Seller's bankruptcy estate, and Buyer hereby accepts for itself, generally and unconditionally, the jurisdiction of the aforesaid court. The parties hereto hereby irrevocably waive any objection, including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdiction. The parties hereto consent to the jurisdiction of the Bankruptcy Court to resolve all disputes with respect to this Agreement.

Section 16. SEVERABILITY. To the extent that any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted here from and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect. In furtherance and not in limitation of the foregoing, if the duration or geographic extent of, or business activity covered by, any provision of this Agreement shall be in excess of that which is enforceable under applicable law, then such provision shall be construed to cover only that duration, extent or activities which may be validly and enforceably covered.

Section 17. DEFINITIONS. As used in this Agreement, the following defined terms have the meanings indicated below:

"Acquired Assets" has the meaning ascribed to it in Sections 1(a).

"Agreement" means this Asset Purchase Agreement and the schedules hereto, as the same shall be amended from time to time.

"Auction Time" means the date and time at which the Bankruptcy Court approved auction has commenced.

"Bankruptcy Code" has the meaning ascribed to it in the recitals hereto.

"Bankruptcy Court" has the meaning ascribed to it in the recitals hereto.

"Business" means Seller's business of assembling and distributing body care and related products.

"Business Day" means a day other than Saturday, Sunday or any day on which banks in Chicago, Illinois are authorized or obligated to close.

"Buyer" has the meaning ascribed to it in the forepart of this Agreement.

"Closing" and "Closing Date" each has the meaning ascribed to it in Section 2.

"Cost Value" has the meaning ascribed to it in Section 1(e).

"Debtor" has the meaning ascribed to it in the forepart of this Agreement.

"Deposit" has the meaning ascribed thereto in Section 1(c).

"DIP Financing Order" means the final debtor-in-possession financing entered by the Bankruptcy Court, as amended.

"Encumbrances" means all claims, mortgages, imperfections of title, pledges, liens, security interests, assignments, charges, and encumbrances of any kind or nature whatsoever, except Accepted Liabilities.

"Excluded Assets" has the meaning ascribed to it in Section 1(b).

"Facilities" has the meaning ascribed to it in Section 1(c).

"Inventory Taking" has the meaning ascribed to it in Section 1(d).

"Lender" means LaSalle Business Credit, LLC, f/k/a LaSalle Business Credit, Inc. and its successors and assigns.

"Outer Closing Date" means the earlier of (i) October 31, 2003, and (ii) the third day after the entry of the Sale Order (provided the Sale Order is then in full force and effect and not the subject of a stay).

"Person" means any natural person, corporation, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or governmental or regulatory authority.

"Purchase Price" has the meaning ascribed to it in Section 1(c).

"Sale Hearing" means a hearing scheduled by the Bankruptcy Court to approve this Agreement or, if applicable, the highest or otherwise best offer for the Acquired Assets made at the auction.

"Sale Order" has the meaning ascribed to it in Section 7(e).

"Seller" has the meaning ascribed to it in the forepart of this Agreement.

All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles. Any representation or warranty contained herein as to the enforceability of a contract shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar law affecting the enforcement of creditors' rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

HILCO WHOLESALE, LLC

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

FASMA, LLC

By: [Signature]  
Name: SCOTT R. CLARK  
Title: ATTY. for FASMA

SARAH MICHAELS, INC

By: [Signature]  
Name: SCOTT R. CLARK  
Title: ATTY. for Sarah Michaels

SARAH MICHAELS, LLC

By: [Signature]  
Name: SCOTT R. CLARK  
Title: ATTY. for Sarah Michaels

09/18/03 THU 12:46 FAX 1 847 508 1150

HILCO TRADING CO.

002

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

HILCO WHOLESALE LLC

By: [Signature]  
Name: James S. [unclear]  
Title: Assistant Mgr. CE

FASMA, LLC

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

SARAH MICHAELS, INC.

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

SARAH MICHAELS, LLC

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

**SCHEDULE A**  
**ACQUIRED ASSETS**

The only assets of Seller constituting Acquired Assets are as follows:

1. See attached schedule of inventory.
2. The "sold orders" in the aggregate amount of \$1,751,231.00 (the amount of the Purchase Price allocated to such orders is \$700,000).
3. See the "Lot 2 - Sarah Michaels Brand" and "Lot 3 - San Francisco Soap Brand" intellectual property on the attached schedule of intellectual property.



91117003

Sash Machine Active - Tot 2

Sent: 1/28/04 11:01 AM

Brand	Model	Chassis	Serial	Year	Value	Comments	Net Wt	Net Wt	Value	Units	30 Day	30 Day	30 Day	30 Day	30 Day	30 Day	30 Day	30 Day	30 Day
SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM
SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM
SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM	SM

Updated Inventory Report - APFA Form 6

PATENT

REEL: 014235 FRAME: 0956





9/11/2003

Smith Macgregor Active Loc 2

Smith Macgregor LLC

Item	Category	Description	Total On Hand	Total On Hand Value	Commit	Net On Hand Value	Sales Price (Dollars)	Units	Net On Hand Value	Units	Net On Hand Value	Units
80	Active	BAWAH	5,687	\$ 1,240		5,687			5,687		5,687	904
81	Active	BAWAH	2,227	\$ 84		2,227			2,227		2,227	530
82	Active	BAWAH	72,503	\$ 5,300		72,503			72,503		72,503	6,100
83	Active	BAWAH	28,811	\$ 6,700		28,811			28,811		28,811	1,012
84	Active	BAWAH	34,108	\$ 1,015		34,108			34,108		34,108	824
85	Active	BAWAH	36,071	\$ 8,650		36,071			36,071		36,071	2,915
86	Active	BAWAH	58,704	\$ 75,174		58,704			58,704		58,704	2,975
87	Active	BAWAH	54,350	\$ 52,878		54,350			54,350		54,350	9,206
88	Active	BAWAH	45,041	\$ 9,008		45,041			45,041		45,041	5,924
89	Active	BAWAH	28,070	\$ 5,300		28,070			28,070		28,070	2,573
90	Active	BAWAH	181,803	\$ 23,615		181,803			181,803		181,803	3,761
91	Active	BAWAH	11,400	\$ 2,260		11,400			11,400		11,400	1,461
92	Active	BAWAH	40,705	\$ 6,920		40,705			40,705		40,705	1,433
93	Active	BAWAH	16,788	\$ 4,431		16,788			16,788		16,788	1,931
94	Active	BAWAH	75,724	\$ 19,292		75,724			75,724		75,724	10,728
95	Active	BAWAH	83,185	\$ 19,292		83,185			83,185		83,185	10,728
96	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
97	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
98	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
99	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
100	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
101	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
102	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
103	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
104	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
105	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
106	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
107	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
108	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
109	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
110	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
111	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
112	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
113	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
114	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
115	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
116	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
117	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
118	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
119	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
120	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
121	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
122	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
123	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
124	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
125	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
126	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
127	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
128	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
129	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
130	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
131	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
132	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
133	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
134	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
135	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
136	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
137	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
138	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
139	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
140	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
141	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
142	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
143	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
144	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
145	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
146	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
147	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
148	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
149	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
150	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
151	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
152	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
153	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
154	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
155	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
156	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
157	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
158	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
159	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
160	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
161	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
162	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
163	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
164	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
165	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
166	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
167	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
168	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
169	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
170	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
171	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
172	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
173	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
174	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
175	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		10,000	1,000
176	Active	BAWAH	10,000	\$ 1,000		10,000			10,000		1	



9110000

San Francisco Soap - Lot 13

San Joaquin, LLC

Brand	Item #	Category	Item	Description	Lot/Qty	Unit Price	Total Price	Comments	Net Qty	Net Value	Unit Price	Total Price	Net Qty	Net Value	Unit Price	Total Price	Net Qty	Net Value
515	Active	FO	1100000	11 oz Bar Soap - Charcoal	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
516	Active	FO	1100000	11 oz Bar Soap - Citrus	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
517	Active	FO	1100000	11 oz Bar Soap - Eucalyptus	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
518	Active	FO	1100000	11 oz Bar Soap - Lavender	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
519	Active	FO	1100000	11 oz Bar Soap - Lemongrass	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
520	Active	FO	1100000	11 oz Bar Soap - Orange	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
521	Active	FO	1100000	11 oz Bar Soap - Peppermint	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
522	Active	FO	1100000	11 oz Bar Soap - Tea Tree	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
523	Active	FO	1100000	11 oz Bar Soap - Ylang Ylang	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
524	Active	FO	1100000	11 oz Bar Soap - Aloe Vera	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
525	Active	FO	1100000	11 oz Bar Soap - Chamomile	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
526	Active	FO	1100000	11 oz Bar Soap - Geranium	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
527	Active	FO	1100000	11 oz Bar Soap - Jasmine	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
528	Active	FO	1100000	11 oz Bar Soap - Neroli	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
529	Active	FO	1100000	11 oz Bar Soap - Sandalwood	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
530	Active	FO	1100000	11 oz Bar Soap - Vanilla	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
531	Active	FO	1100000	11 oz Bar Soap - Clove	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
532	Active	FO	1100000	11 oz Bar Soap - Cardamom	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
533	Active	FO	1100000	11 oz Bar Soap - Cinnamon	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
534	Active	FO	1100000	11 oz Bar Soap - Fennel	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
535	Active	FO	1100000	11 oz Bar Soap - Licorice	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
536	Active	FO	1100000	11 oz Bar Soap - Nutmeg	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
537	Active	FO	1100000	11 oz Bar Soap - Star Anise	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
538	Active	FO	1100000	11 oz Bar Soap - Tonic Bean	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
539	Active	FO	1100000	11 oz Bar Soap - Yuzu	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
540	Active	FO	1100000	11 oz Bar Soap - Bergamot	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
541	Active	FO	1100000	11 oz Bar Soap - Grapefruit	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
542	Active	FO	1100000	11 oz Bar Soap - Lemon	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
543	Active	FO	1100000	11 oz Bar Soap - Lime	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
544	Active	FO	1100000	11 oz Bar Soap - Mandarin	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
545	Active	FO	1100000	11 oz Bar Soap - Tangerine	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
546	Active	FO	1100000	11 oz Bar Soap - Blood Orange	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
547	Active	FO	1100000	11 oz Bar Soap - Pink Grapefruit	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
548	Active	FO	1100000	11 oz Bar Soap - Sweet Orange	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
549	Active	FO	1100000	11 oz Bar Soap - Valencia Orange	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10
550	Active	FO	1100000	11 oz Bar Soap - Cara Cara Orange	421	1.10	463.10		421	463.10	1.10	463.10	421	463.10	1.10	463.10	421	463.10

Updated Inventory Report - J.P.R. Format

Page 2 of 7

PATENT

REEL: 014235 FRAME: 0960















81703003

Strain Midwest Invoice - Loc 4

Strain Midwest, LLC

Item	Strain	Category	Part No	Part Desc	Part Unit	Part Qty	Part Cost	Part Value	Part Qty	Part Cost	Part Value	Part Qty	Part Cost	Part Value	Part Qty	Part Cost	Part Value
SM	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000

Updated Inventory Report - AQA Format

91172000

Sarah McNamee - L04 4

Sarah McNamee, LLC

Brand	Item	Category	Item	Qty	Total Qty	Comments	Unit	Unit Price	Total Value	Weight	Weight Unit	Weight Value
SM	Walden 08S-FG	Food Product	Walden 08S-FG	10	10		10	1.00	10.00	1.00	1.00	10.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	20	20		20	1.00	20.00	2.00	2.00	20.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	30	30		30	1.00	30.00	3.00	3.00	30.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	40	40		40	1.00	40.00	4.00	4.00	40.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	50	50		50	1.00	50.00	5.00	5.00	50.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	60	60		60	1.00	60.00	6.00	6.00	60.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	70	70		70	1.00	70.00	7.00	7.00	70.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	80	80		80	1.00	80.00	8.00	8.00	80.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	90	90		90	1.00	90.00	9.00	9.00	90.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	100	100		100	1.00	100.00	10.00	10.00	100.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	110	110		110	1.00	110.00	11.00	11.00	110.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	120	120		120	1.00	120.00	12.00	12.00	120.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	130	130		130	1.00	130.00	13.00	13.00	130.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	140	140		140	1.00	140.00	14.00	14.00	140.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	150	150		150	1.00	150.00	15.00	15.00	150.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	160	160		160	1.00	160.00	16.00	16.00	160.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	170	170		170	1.00	170.00	17.00	17.00	170.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	180	180		180	1.00	180.00	18.00	18.00	180.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	190	190		190	1.00	190.00	19.00	19.00	190.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	200	200		200	1.00	200.00	20.00	20.00	200.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	210	210		210	1.00	210.00	21.00	21.00	210.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	220	220		220	1.00	220.00	22.00	22.00	220.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	230	230		230	1.00	230.00	23.00	23.00	230.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	240	240		240	1.00	240.00	24.00	24.00	240.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	250	250		250	1.00	250.00	25.00	25.00	250.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	260	260		260	1.00	260.00	26.00	26.00	260.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	270	270		270	1.00	270.00	27.00	27.00	270.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	280	280		280	1.00	280.00	28.00	28.00	280.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	290	290		290	1.00	290.00	29.00	29.00	290.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	300	300		300	1.00	300.00	30.00	30.00	300.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	310	310		310	1.00	310.00	31.00	31.00	310.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	320	320		320	1.00	320.00	32.00	32.00	320.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	330	330		330	1.00	330.00	33.00	33.00	330.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	340	340		340	1.00	340.00	34.00	34.00	340.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	350	350		350	1.00	350.00	35.00	35.00	350.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	360	360		360	1.00	360.00	36.00	36.00	360.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	370	370		370	1.00	370.00	37.00	37.00	370.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	380	380		380	1.00	380.00	38.00	38.00	380.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	390	390		390	1.00	390.00	39.00	39.00	390.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	400	400		400	1.00	400.00	40.00	40.00	400.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	410	410		410	1.00	410.00	41.00	41.00	410.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	420	420		420	1.00	420.00	42.00	42.00	420.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	430	430		430	1.00	430.00	43.00	43.00	430.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	440	440		440	1.00	440.00	44.00	44.00	440.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	450	450		450	1.00	450.00	45.00	45.00	450.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	460	460		460	1.00	460.00	46.00	46.00	460.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	470	470		470	1.00	470.00	47.00	47.00	470.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	480	480		480	1.00	480.00	48.00	48.00	480.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	490	490		490	1.00	490.00	49.00	49.00	490.00
SM	Walden 08S-FG	Food Product	Walden 08S-FG	500	500		500	1.00	500.00	50.00	50.00	500.00

Updated Inventory Report - APA Format

PATENT

REEL: 014235 FRAME: 0967















9/11/2003

Sarah Mechwald Invench - Lot 4

Item	Serial	Stock	Qty	Unit	Cost	Value	Market Value	Market Price	Market Gain	Market Loss	Market Total	Market %	Market Balance
Machine	00304	00304	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00305	00305	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00306	00306	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00307	00307	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00308	00308	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00309	00309	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00310	00310	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00311	00311	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00312	00312	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00313	00313	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00314	00314	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00315	00315	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00316	00316	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00317	00317	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00318	00318	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00319	00319	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00320	00320	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00321	00321	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00322	00322	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00323	00323	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00324	00324	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00325	00325	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00326	00326	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00327	00327	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00328	00328	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00329	00329	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00330	00330	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00331	00331	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00332	00332	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00333	00333	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00334	00334	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00335	00335	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00336	00336	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00337	00337	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00338	00338	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00339	00339	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00340	00340	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00341	00341	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00342	00342	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00343	00343	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00344	00344	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00345	00345	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00346	00346	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00347	00347	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00348	00348	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00349	00349	1		13.10	13.10	13.10	13.10			13.10	100%	13.10
Machine	00350	00350	1		13.10	13.10	13.10	13.10			13.10	100%	13.10

Updated Inventory Report - APA Form

PATENT

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01/17/2005

Sarah Macbeth Invoice - LX 4

Sarah Macbeth, LLC

Brand	Serial No.	Category	Item	Description	Qty	Unit Cost	Net Off	Net Off	Spec Price	Unit Price	Net Price	Net Price	Net Price	Net Price
SM	00001	OS-RAM	RAM	2GB DDR2 800MHz	1	2,880	0	2,880		2,880	2,880	2,880	2,880	2,880
SM	00002	OS-RAV	RAV	8.5in DVD-RW	1	1,114	0	1,114		1,114	1,114	1,114	1,114	1,114
SM	00003	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00004	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00005	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00006	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00007	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00008	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00009	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861
SM	00010	OS-RAV	RAV	16in DVD-RW	1	1,861	0	1,861		1,861	1,861	1,861	1,861	1,861

PATENT

**FASMA LLC / Sarah Michaels, Inc.**  
Trademarks and Intellectual Property Guide

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**Lot 1 - Freeman Brand**

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Trademark #s	1-79,110-118,121,125,126,128-138
Patents	None
Internet Domain Name Registrations	Freemancosmetics.com

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**Lot 2 - Sarah Michaels Brand**

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Trademark #s	80-109,119,120,127
Patents	All Sarah Michaels
Internet Domain Name Registrations	Sarahmichaels.com

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**Lot 3 - San Francisco Soap Brand**

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Trademark #s	Clearly Marked
Patents	None
Internet Domain Name Registrations	sfsoap.com simplybewell.com sanfransoap.com

**PATENT**

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### FASMA, LLC

Schedule B, Personal Property #21  
Patents, Trademarks and Domain Names.

FASMA, LLC					
Sarah Michaels, Freeman, and Baha					
Trademark	Jurisdiction	APPLICATION INFO		REGISTRATION INFO	
		Application No.	Application Date	Registration No.	Registration Date
A WASH COME TRUE	USA	76259401	5/21/2001	2547197	3/12/2002
1 ARE YOU GLISTENING	USA	76183401	12/18/2000		
2 AROMESSENTIALS	USA	74128592	1/7/1991	1698262	6/30/1992
3 AROMESSENTIALS	USA	75730650	6/16/1999	2336161	3/28/2000
4 AROMESSENTIALS	PERU	94988	11/11/1999	63892	3/29/2000
5 AWAY WE GLOW	USA	76179400	12/13/2000		
6 BARE FOOT	USA	74666263	4/27/1995	1983825	7/2/1996
7 BARE FOOT & DESIGN	USA	75714286	5/24/1999		
8 BEAUTIFUL BATH	USA	74385411	5/3/1993	1845309	7/19/1994
9 BEAUTIFUL HAIR BOTANICALS	USA	75559906	9/28/1998	2419751	1/9/2001
10 BEAUTIFUL HAIR BOTANICALS	MEXI	375387	5/14/1999	613978	5/14/1999
11 BUBBLE YOUR PLEASURE	USA	78071490	6/28/2001		
12 BUTTER YOU UP	USA	78071491	6/28/2001		
13 DEEP IMPACT	USA	76222424	3/12/2001		
14 DEEPEST DESIRE	USA	76178015	12/11/2000		
15 DEEPLY RELIEVED	USA	76152252	10/23/2000		
16 FOR HEAVEN'S SILK	USA	76223606	3/13/2001		
17 FREEMAN	USA	73820227	8/21/1989	1614557	9/25/1990
18 FREEMAN	ATRA	AM719798	11/19/1998	180629	2/19/1999
19 FREEMAN	BAHA	22695	5/16/2000		

SCHEDULE B - NO. 21

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21	FREEMAN	BULG	44038	12/15/1998	33856	6/16/1999
22	FREEMAN	CANA	644870	11/14/1989	450939	12/1/1995
23	FREEMAN	VJET	42121	6/15/1999	35481	11/21/2000
	FREEMAN & DESIGN	NEWZ	221724	9/24/1992	B221724	9/24/1992
24						
	FREEMAN & NEW	USA	75230663	1/24/1997	2197110	10/20/1998
25	DESIGN					
	FREEMAN & NEW	ASTL	751825	12/24/1997	751825	2/19/1999
26	DESIGN					
	FREEMAN & NEW	HOND	455498	4/6/1998		
27	DESIGN					
	FREEMAN & NEW	HONG	1494/1998	2/9/1998	11783/2000	2/9/1998
28	DESIGN					
	FREEMAN (Chinese characters)	CHIN	724581	1/14/1995		
29						
	FREEMAN (WORD)	BRAZ	816579881	2/21/1992	816579881	5/17/1994
30						
	FREEMAN (WORD)	CHIL	397597		397597	6/7/1992
31						
	FREEMAN (WORD)	ESTO	9802671	11/9/1998	31156	5/23/2000
32						
	FREEMAN (WORD)	FRAN	95/598485	11/21/1995	95/598485	11/21/1995
33						
	FREEMAN (WORD)	GERM	39862400	10/29/1998	39862400	10/29/1998
34						
	FREEMAN (WORD)	HONG	94/10174	9/1/1994	B05321	9/1/1994
35						
	FREEMAN (WORD)	HUNG	M9804669	11/12/1998	157529	9/8/1999
36						
	FREEMAN (WORD)	INDI	689210	12/4/1995		
37						
	FREEMAN (WORD)	IREL	211100	10/30/1998	211100	10/30/1998
38						
			(4275/98)			
39						
	FREEMAN (WORD)	ITAL	M198C011038	11/12/1998		11/12/1998
40						
	FREEMAN (WORD)	LITH	98/3620	11/12/1998	38058	4/12/2000
41						
	FREEMAN (WORD)	MEXI	78264	12/22/1989	385070	10/15/1990
42						
	FREEMAN (WORD)	NORW	199810214	11/10/1998	202117	3/23/2000
43						
	FREEMAN (WORD)	PANA	55891	2/25/1991	55891	4/3/1992
44						
	FREEMAN (WORD)	PERU	94989	11/11/1999	61476	2/28/2000
45						
	FREEMAN (WORD)	PORT	334143	12/16/1998	334143	6/7/1999
46						

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47	FREEMAN (WORD)	PUER		12/15/1998	41319	12/19/1998
48	FREEMAN (WORD)	ROMA	52775	11/26/1998	37308	11/26/1998
49	FREEMAN (WORD)	RUSS	99704499	3/30/1999		
50	FREEMAN (WORD)	SAFR				
51	FREEMAN (WORD)	SWED	98/08478	11/13/1998	348448	9/7/2001
52	FREEMAN (WORD)	TAIW	79-13909	4/3/1990	539551	11/7/1991
53	FREEMAN (WORD)	TAIW	79-13910	4/3/1990	528259	7/16/1991
54	FREEMAN (WORD)	THAI	203612	6/21/1990	148043	6/21/1990
55	FREEMAN (WORD)	TURK	6/16/1995		161423	6/16/1995
56	FREEMAN AND NEW DESIGN	JAPA	1/21/1998		4249870	3/12/1999
57	FREEMAN AND NEW DESIGN	MACE	220000036	1/21/2000		
58	FREEMAN AND NEW DESIGN	VIET	42454	7/15/1999	37573	6/20/2001
59	FREEMAN BEAUTIFUL SKIN	USA	74478120	1/10/1994	1872177	1/10/1995
60	FRESH IDEA	USA	76207461	2/9/2001		
61	FU-FU FOAM	USA	76259400	5/21/2001		
62	GET SHEERIOUS	USA	76179402	12/13/2000		
63	GET UP AND GLOW	USA	76151112	4/3/2001		
64	GLISTEN CLEARLY	USA	76179326	12/13/2000		
65	GLISTEN TO THIS	USA	76182208	12/18/2000		
66	GLOW BARE	USA	76209653	2/14/2001		
67	GLOW GET IT	USA	76150301	10/20/2000		
68	GLOWING PLACES	USA	76150319	10/20/2000		
69	GOTTA GLOW	USA	76223607	3/13/2001		
70	IN THE THICK OF IT	USA	76151113	10/23/2000		
71	JUST DANDY	USA	78071492	6/28/2001		
72	MIGHTY FINE SHINE	USA	76150439	10/20/2000		
73	MORNING SHEER	USA	76179403	12/13/2000		

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74	OOH LA LOOFAH	USA	76259424	5/21/2001	2552517	3/26/2002
75	PAPAYA SILK	USA	75560452	9/28/1998	2319889	2/15/2000
76	PAPAYA SILK	MEXI	375386	5/14/1999	613977	5/14/1999
77	PEACE AT HAND	USA	76183305	12/19/2000		
78	PEACE TREATY	USA	76151111	10/23/2000		
79	PURE ISLAND PAPAYA	USA	75560450	9/28/1998	2333871	3/21/2000
80	SARAH MICHAELS AND DESIGN	USA	74091555	8/27/1990	1730536	11/10/1992
81	SARAH MICHAELS AND DESIGN	USA	74620203	1/12/1995	1963024	3/19/1996
82	SARAH MICHAELS AND DESIGN	ASTL	667867	7/26/1995	667867	4/24/1998
83	SARAH MICHAELS AND DESIGN	ASTL	667868	7/26/1995	667868	4/24/1998
84	SARAH MICHAELS AND DESIGN	BENE	850238	7/1/1996	579159	6/19/1995
85	SARAH MICHAELS AND DESIGN	CANA	677865	3/13/1991	TMA403966	10/23/1992
86	SARAH MICHAELS AND DESIGN	CHIN	95087805	7/11/1995	972587	4/7/1997
87	SARAH MICHAELS AND DESIGN	CHIN	95087806	7/11/1995	980190	4/14/1997
88	SARAH MICHAELS AND DESIGN	DREP	105314	7/15/1999		
89	SARAH MICHAELS AND DESIGN	FRAN	95576299	6/16/1995	95576229	4/26/1996
90	SARAH MICHAELS AND DESIGN	GBRI	2024863	6/22/1995	2024863	6/22/1995
91	SARAH MICHAELS AND DESIGN	GERM	395257417	6/21/1995	395257417	4/12/1996
92	SARAH MICHAELS AND DESIGN	HONG	9510073	8/15/1995	11441/1997	11/21/1997

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93	SARAH MICHAELS AND DESIGN	HONG	95/10074	8/15/1995	11442/1997	11/21/1997
	SARAH MICHAELS AND DESIGN	ITAL	6260	6/16/1995	728060	10/13/1997
94	SARAH MICHAELS AND DESIGN	JAPA	068435/1995	7/5/1995	4177081	8/14/1998
95	SARAH MICHAELS AND DESIGN	JAPA	068445/1995	7/5/1995	4243870	2/26/1999
96	SARAH MICHAELS AND DESIGN	MEXI	243260	9/15/1995	523922	6/16/1996
97	SARAH MICHAELS AND DESIGN	MEXI	243261	9/15/1995	505385	6/16/1996
98	SARAH MICHAELS AND DESIGN	NEWZ	314904	8/20/1999	314904	8/18/2000
99	SARAH MICHAELS AND DESIGN	NEWZ	314905	8/20/1999	314905	8/18/2000
100	SARAH MICHAELS AND DESIGN	NEWZ	314906	8/20/1999	314906	8/18/2000
101	SARAH MICHAELS AND DESIGN	NEWZ	314907	8/20/1999	314907	8/18/2000
102	SARAH MICHAELS AND DESIGN	PHIL	4-1999-06188	8/23/1999		
103	SARAH MICHAELS AND DESIGN	SING		1/12/1995	617195	1/12/1995
104	SARAH MICHAELS AND DESIGN	SING	6170/95	7/7/1995	6170/95	7/7/1995
105	SARAH MICHAELS AND DESIGN	SPAI	74/620203	1/12/1995	1976359	7/12/1995
106	SARAH MICHAELS AND DESIGN	SPAI	75/620203	1/12/1995	1976358	7/12/1995
107	SARAH MICHAELS AND DESIGN	TAIW	84048914	9/29/1995	730429	10/10/1996
108						



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	SARAH MICHAELS AND DESIGN	TAIW	84048915	9/29/1995	752136	3/16/1997
109						
110	SHEER BLISS	USA	76150320	10/20/2000		
	SHEER WONDERFUL	USA	76150316	10/20/2000		
111						
112	SHIMMER CHIC	USA	76259423	5/21/2001	2552516	3/26/2002
113	SILK CLEAN PIE	USA	76164558	11/14/2000		
114	SILK ME OVER	USA	76178014	12/11/2000	2552271	3/26/2002
	SILKEN TREASURE	USA	76178018	12/11/2000		
115						
116	SMOOTH DAYS AHEAD	USA	76198373	1/24/2001		
	SMOOTHER THAN LATER	USA	76150317	10/20/2000		
117						
118	SMOOTHER THAN LATER	USA	76182011	12/18/2000		
	SOLAGE (STYLIZED)	USA	74355704	2/21/1993	1793048	9/28/1993
119						
120	SPRING DREAMS	USA	75671224	3/29/1999	2428874	2/13/2001
	STRAIGHT A HEAD	USA	76150318	10/20/2000		
121						
122	SUNLOCK	ARGE	2262636	10/28/1999		
123	SUNLOCK	MEXI	390421	9/2/1999	644755	9/29/2000
124	SUNLOCK	PUER	47141	10/26/1999	47141	10/26/1999
	THE SMOOTH FAIRY	USA	76182207	12/18/2000		
125						
126	THE SWEETEST THING	USA	78071494	6/28/2001		
	THE ULTIMATE BATH	CANA	1037893	11/30/1999		
127						
128	TOOTSIES	USA	75556193	9/18/1998		
	TRULY, MADLY, DEEPLY	USA	76186406	12/26/2000		
129						
130	PEACE MAKER	USA	78184143	11/12/2002		
131	PEACE OF HEAVEN	USA	78184259	11/12/2002		
132	VINO GLOW	USA	78180248	12/2/2002		
	Barefoot Design Image	USA	78181864	12/5/2002		
133	PURE SOFT	USA	78199207	12/31/2002		
134	SHEERIOUSLY SOFT	USA	78199212	12/31/2002		
135	Deep Moisture Miracle	USA	78199218	12/31/2002		
136	DEAR BELLA	USA	78199222	12/31/2002		
137	PURE NECESSITY	USA	78199225	12/31/2002		
138						

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FASMA LLC San Francisco Soap						
No.	Description	Jurisdiction	Application		Registration	
			No.	Date	No.	Date
1	SAN FRANCISCO SOAP COMPANY	United States	75/250,868	1997/03/03	2,227,143	1999/03/02
2	SAN FRANCISCO SOAP COMPANY	Brazil	820,128,368	1997/07/15		
3	SAN FRANCISCO SOAP COMPANY	Indonesia	D97-16266	1997/08/06	431,236	1999/04/19
4	SAN FRANCISCO SOAP COMPANY	Japan	9-17678	1997/02/24	4246833	1999/03/05
5	SAN FRANCISCO SOAP COMPANY	Poland	Z-170390	1997/02/28	117,707	2000/09/12
6	SAN FRANCISCO SOAP COMPANY (Internet Keyword)	Taiwan	(86)015440	1997/04/01		
7	BRIDGE	United States	75/506,445	1998/06/22	2,263,102	1999/07/20
8	BRIDGE Design	United States	75/788,233	1999/08/30	2,366,408	2000/07/11
9	FRUIT TEMPTATIONS	United States	75/565,953	1998/10/07	2,412,932	2000/12/12
10	FRUIT TEMPTATIONS	Canada	1009434	1999/03/22		
11						

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12	FLORAL IMPRESSIONS	United States	75/565,952	1998/10/07	2,388,493	2000/09/19
13	FLORAL IMPRESSIONS	Australia	788,381	1999/03/15	788,381	1999/03/15
14	FLORAL IMPRESSIONS	Canada	1,009,435	1999/03/22	TMA 543,888	2001/04/18
15	SIMPLY BE WELL	United States	75/608,910	1998/12/21	2,384,115	2000/09/05
16	SIMPLY BE WELL	Australia	839384	2000/06/19	839384	2001/05/04
17	SIMPLY BE WELL	Canada	1,070,703	2000/08/09		
18	SIMPLY BE WELL	Poland	Z-221073	2000/07/10		
19	PURE IN A SCENTS	United States	76/080,878	2000/06/30	2,521,286	2001/12/18
20	SAN FRANCISCO SOAP COMPANY	Canada	841535	4/8/1997		
21	BODY/BODY	United States	75/420946	1/21/1998	2222794	2/9/1999

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# FASMA LLC

## Patents

Patent No.	Title	Issue date	Inventor
1 5,344,027	Merchandise Display System	9/6/1994	Mark Kaplan
2 Des. 298,716	Inflatable Bath Pillow	11/28/1994	Mark Kaplan
3 Des. 343,924	Sponge Brush	2/1/1994	Mark Kaplan
4 Des. 347,789	Transparent Package for Inflatable Pillow	6/14/1994	Mark Kaplan
5 Des. 362,179	Transparent Package for a Candle Holder	9/12/1995	Mark Kaplan
6 Des. 368,425	Package for Potpourri	4/2/1996	Mark Kaplan

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# Fasma LLC

## Internet Domain Name registrations

- 1 Sarahmichaels.com
- 2 Freeman cosmetics.com
- 3 stsoap.com
- 3 simplybewell.com
- 5 sanfransoap.com

TOTAL P.12

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

FOUR TIMES SQUARE  
NEW YORK 10036-6522

TELEPHONE No.: (212) 735-3000  
FACSIMILE No.: (212) 735-2000

EMAIL: m McGuire@skadden.com

**FACSIMILE TRANSMITTAL SHEET**

FROM: Michael McGuire  
DIRECT DIAL: 212-735-4104  
DIRECT FACSIMILE: 917-777-4104

DATE: January 5, 2004  
FLOOR/OFFICE No.: 26-124  
REFERENCE No.: 081660/2

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