

## PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Third Lien Security Agreement
CONVEYING PARTY DATA	
Name	Execution Date
FINLAY FINE JEWELRY CORPORATION	11/26/2008
RECEIVING PARTY DATA	
Name:	HSBC BANK USA, NATIONAL ASSOCIATION
Street Address:	452 Fifth Avenue
City:	New York
State/Country:	NEW YORK
Postal Code:	10018
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	5526257
CORRESPONDENCE DATA	
Fax Number:	(212)492-0239
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	2123733239
Email:	cmeredithgoujon@paulweiss.com, hranucci@paulweiss.com
Correspondent Name:	Claudine Meredith-Goujon
Address Line 1:	1285 Avenue of the Americas
Address Line 2:	c/o Paul, Weiss, LLP
Address Line 4:	New York, NEW YORK 10019-6064
ATTORNEY DOCKET NUMBER:	17806-042
NAME OF SUBMITTER:	Claudine Meredith-Goujon
Total Attachments: 6	
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CH 5526257 \$40.00

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**THIRD LIEN PATENT SECURITY AGREEMENT**

THIRD LIEN PATENT SECURITY AGREEMENT, dated as of November 26, 2008 (as may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms of the Intercreditor Agreement, this "Patent Security Agreement"), by Finlay Fine Jewelry Corporation, a Delaware corporation ("Grantor"), in favor of and HSBC Bank USA, National Association, as collateral agent for itself, the Trustee, the Holders of the Notes, and the Secured Vendors (in such capacity, the "Collateral Agent").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Third Lien Security Agreement dated as of the date hereof by and among Grantor, the other Persons named therein as Grantors, and HSBC Bank USA, National Association, as collateral agent for itself, the Trustee, the Holders of the Notes, and the Secured Vendors (as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"), the Grantor has agreed to provide collateral security to secure (i) the Obligations under (and as defined in) that certain Indenture dated as of the date hereof, by and among Finlay Fine Jewelry Corporation, a Delaware corporation, and HSBC Bank USA, National Association, as trustee (the "Trustee") (as from time to time amended, restated, supplemented or otherwise modified, the "Third Lien Indenture") and (ii) the Secured Trade Payables Obligations (as defined in the Security Agreement).

WHEREAS, it is a condition precedent to the obligation of the Holders to purchase the Initial Notes that the Grantor shall have executed and delivered this Patent Security Agreement;

WHEREAS, reference is made to the Intercreditor Agreement (as defined in the Third Lien Indenture).

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, Grantor hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in the Third Lien Indenture and if not defined therein, in the Security Agreement.

2. GRANT OF SECURITY INTEREST IN PATENT COLLATERAL. Subject to the terms of the Intercreditor Agreement, Grantor hereby grants to Collateral Agent, on behalf of itself, the Trustee, the Holders of the Notes, and the Secured Vendors a continuing security interest in all of such Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Patent Collateral"):

(a) all of its Patents and Patent Licenses to which it is a party including, without limitation, those referred to on Schedule I hereto;

(b) all reissues, continuations or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including, without limitation, any claim by such Grantor against third parties for past, present or future infringement or dilution of any Patent or any Patent licensed under any Patent License if Grantor has the right to make such a claim under such Patent License.

3. SECURITY AGREEMENT. The security interests granted pursuant to this Patent Security Agreement are granted in conjunction with the security interests granted to Collateral Agent, on behalf of itself, the Trustee, the Holders of the Notes, and the Secured Vendors pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Collateral Agent with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. INTERCREDITOR AGREEMENT PREVAILS. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to or in connection with this Patent Security Agreement and the exercise of any right or remedy against the Patent Collateral by the Collateral Agent are subject to the provisions of the Intercreditor Agreement (as defined in the Third Lien Indenture) and, in the event of any conflict or inconsistency between the provisions of this Patent Security Agreement and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall prevail.

5. COLLATERAL AGENT. In the performance of its obligations hereunder, Collateral Agent shall be entitled to all of the rights, benefits, protections and immunities afforded to it as Trustee and Collateral Agent pursuant to the Third Lien Indenture.

[signature page follows]

IN WITNESS WHEREOF, Grantor has caused this Third Lien Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**FINLAY FINE JEWELRY CORPORATION,**  
as Grantor

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

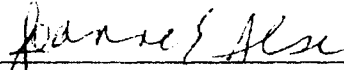


Name: Bruce E. Zurlnick  
Title: Senior Vice President, Treasurer  
and Chief Financial Officer

[Signature Page to Third Lien Patent Security Agreement]

ACCEPTED AND ACKNOWLEDGED BY:

**HSBC BANK USA, NATIONAL  
ASSOCIATION,**  
as Collateral Agent

By:   
Name: **JOANNE E. ILSE**  
Title: **VICE PRESIDENT**

[Signature Page to Third Lien Patent Security Agreement]

SCHEDULE I  
to  
PATENT SECURITY AGREEMENT

PATENT REGISTRATIONS

<u>GRANTOR</u>	<u>REGISTRATION NO.</u>	<u>DATE FILED</u> <u>DATE ISSUED</u>	<u>DECLARATION</u> <u>OF USE/</u> <u>RENEWAL DUE</u>
Finlay Fine Jewelry Corporation	U.S. Patent #5,526,257	06/11/96	N/A-To expire 10/31/14

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Finlay Fine Jewelry Corporation	U.S. Patent #5,526,257	06/11/96	N/A-To expire 10/31/14