

08-10-2000

COVER SHEET  
ONLY

(Rev. 6-93)  
OMB No. 0651-0041 (exp. 4/94)  
Tab setting



101428482

the attached original documents or copy thereof.

To the Honorable Commissioner

1. Name of conveying party(ies):  
**LESLIE'S POOLMART,  
20630 Plummer Street  
Chatsworth, CA 91311**  
 Individuals(s)  
 General Partnership  
 Corporation-State **Delaware**  
 Other

07-20-2000  
U.S. Patent & TMO/TM Mail Rcpt Dt. #26

Association  
 Limited Partnership

Name and address of receiving party(ies)  
Name: **FOOTHILL CAPITAL  
CORPORATION, as Agent**  
Internal Address:  
Street Address: **11111 Santa Monica Blvd.,  
Suite 1500**

City: **Los Angeles** State: **CA** ZIP: **90025-3333**

Individual(s) citizenship  
 Association  
 General Partnership  
 Limited Partnership

Corporation-State **California**

Other

If assignee is not domiciled in the United States, a domestic  
representative designation is attached:  Yes  No

(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

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

3. Nature of conveyance:  
 Assignment  
 **Security Agreement**  
 Other  
 Merger  
 Change of Name

Execution Date: **June 22, 2000**

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

A. Trademark Application No.(s)  
**Performance Glass (Serial No. 76-052,200)**

B. Trademark Registration No.(s)  
**LESLIE'S OXIDIZER (Reg. No. 2,008,597)**

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence  
concerning document should be mailed:  
**Mr. Sigi Hinojosa**  
Name: **Buchalter, Nemer, Fields & Younger**  
Internal Address:  
  
Street Address: **601 South Figueroa Street, 24th Floor**  
City: **Los Angeles** State: **California** ZIP: **90017**

6. Total number of applications and registrations  
involved: 14

7. Total fee (37 CFR 3.41) ..... \$ **365<sup>00</sup>**  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number:  
**20-0052**  
(Attach duplicate copy of this page if paying by deposit account)

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.

**MR. SIGI HINOJOSA**  
Name of Person Signing

*Christine E Wilson*

*[Signature]*  
Signature

July 17, 2000  
Date

Total number of pages including cover sheet, attachments, and document: 14

RECEIVED  
TRADEMARK OFFICE  
U.S. PATENT & TRADEMARK OFFICE

JUL 20 10 48 AM '00

RECEIVED  
TRADEMARK FEE PROCESS.

08/09/2000 DNGUYEN 00000318 200052 76052200

01 FC:481 40.00 CH  
02 FC:482 325.00 CH

SCHEDULE A to Intellectual Property Security Agreement

Trademarks

<u>Mark</u>	<u>Country</u>	<u>Serial No.</u>	<u>Filed</u>	<u>Reg. No.</u>	<u>Reg. Date</u>	<u>Status</u>
LESLIE'S OXIDIZER	United States	75-022,778	11/21/95	2,008,597	10/15/96	Registered
LESLIE'S OXIDIZER	United States	73-688,727	10/9/87	1,490,724	6/7/88	Canceled
POWER POWDER	United States	75-022,777	11/21/95	2,008,596	10/15/96	Registered
POWER POWDER	United States	73-688,728	10/9/87	1,494,715	7/5/88	Canceled
AQUA BRITE	United States	74-258,860	3/25/92	None	n/a	Abandoned
INSTA-SHOCK	United States	74-258,824	3/25/92	None	n/a	Abandoned
CHLOR BRITE II	United States	73-688,726	10/9/87	1,489,780	5/31/88	Registered
HARDNESS PLUS	United States	73-560,457	9/27/85	1,396,293	6/10/86	Canceled
ALGAE OUT	United States	73-560,455	9/27/85	1,396,410	6/10/86	Canceled
LESLIE'S CONDITIONER	United States	73-552,424	8/8/85	1,390,428	4/22/86	Canceled
ALGI-KILL	United States	73-552,423	8/8/85	1,437,614	4/28/87	Registered
ALKALINITY UP	United States	73-522,395	8/8/85	1,387,169	3/25/86	Canceled
					4/1/86	
OUTSIDE THE ORDINARY	United States	75-689,333	4/23/99	2,326,605	3/7/00	Registered
PERFORMANCE GLASS	United States	76-052,200	5/19/00	TM Pending	Pending	Pending

10391720\_1.DOC

**GRANT OF SECURITY INTEREST IN  
TRADEMARKS AND LICENSES**

THIS GRANT OF SECURITY INTEREST IN TRADEMARKS (herein the "Agreement") made as of this 22<sup>nd</sup> day of June, 2000, by Leslie's Poolmart, Inc., a Delaware corporation, with its principal place of business at 20630 Plummer Street, Chatsworth, CA 91311("Company"), and Foothill Capital Corporation., a California corporation, with offices at 11111 Santa Monica Boulevard, Suite 1500, Los Angeles, CA 90025-3333 (herein "Agent").

**W I T N E S S E T H:**

WHEREAS, Leslie's Pool Brite, Inc., the Company and Agent are parties to a certain Loan and Security Agreement dated June 22, 2000, as the same may be amended from time to time (herein the "Loan Agreement"), which Loan Agreement provides (i) for Agent to make certain loans, advances and extensions of credit, all to or for the account of the Company and (ii) for the grant by the Company to Agent of a security interest in certain of the Company's assets, including, without limitation, its trademarks, trademark applications and/or registrations, tradenames, goodwill and licenses, all as more fully set forth therein;

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Company agrees as follows:

1. Definitions. Capitalized terms used herein and defined in the Loan Agreement shall have the meanings set forth therein unless otherwise specifically defined herein.
2. Grant of Security Interest. To secure the payment of the "Obligations" (as defined in the Loan Agreement), the Company hereby grants to Agent a security interest, effective immediately, in all of the Company's right, title and interest in and to all of the following described property, whether now owned or hereafter acquired (collectively herein the "Intellectual Property Collateral"):
  - (i) Trademarks, trademark registrations and/or applications and tradenames including, without limitation, the trademarks and applications, if any, listed on Schedule A attached hereto and made a part hereof, and any and all reissues and/or renewals thereof, and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademark Collateral");

- (ii) Any license agreement in which the Company is or becomes licensed to use any trademarks owned by a third party including, without limitation, the licenses, if any, listed on Schedule B attached hereto and made a part hereof (all of the foregoing are sometimes referred to herein individually and/or collectively as the "License Collateral");
- (iii) The goodwill of the Company's business connected with and symbolized by the Intellectual Property Collateral; and
- (iv) All cash and non-cash proceeds of the foregoing.

3. Agent's Rights. Upon the occurrence of any Event of Default hereunder, Agent shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable state or federal laws. Agent will give the Company reasonable notice of the time and place of any public sale of the Intellectual Property Collateral or the time after which any private sale of the Intellectual Property Collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid to the address of the Company set forth above at least ten (10) days before the date of such sale or disposition. In addition to the foregoing and all other rights and remedies of Agent upon the occurrence of any Event of Default hereunder, Agent shall thereupon have, to the extent permitted by law, the immediate right, upon ten (10) days prior written notice to the Company, to transfer to itself or to sell, assign and transfer to any other person all right, title and interest in and to all or any part of the Intellectual Property Collateral. A formal irrevocable power of attorney (in the form annexed hereto) is being executed and delivered by the Company to Agent concurrently with this Agreement to enable such rights to be carried out. The Company agrees that, in the event Agent exercises its rights hereunder and/or pursuant to said power of attorney in accordance with its terms, after written notification of such exercise from Agent to the Company, the Company shall never thereafter, without the prior written authorization of the owner or owners of such Intellectual Property Collateral, use any of such Intellectual Property Collateral. The condition of the foregoing provision is such that unless and until there occurs an Event of Default under this Agreement, the Company shall continue to own and use the Intellectual Property Collateral in the normal course of its business and to enjoy the benefits, royalties and profits therefrom provided, however, that from and after the occurrence of an Event of Default such right will, upon the exercise by Agent of the rights provided by this Agreement, be revoked and the right of the Company to enjoy the uses, benefits, royalties and profits of said Intellectual Property Collateral will wholly cease, whereupon Agent or its transferee(s) shall be entitled to all of the Company's right, title and interest in and to the Intellectual Property Collateral hereby so assigned. This Agreement will not

operate to place upon Agent any duty or responsibility to maintain the Intellectual Property Collateral.

4. Fees. The Company will pay all filing fees with respect to the security interest created hereby which Agent may deem necessary or advisable in order to perfect and maintain the perfection of its security interest in the Intellectual Property Collateral.
5. Representations and Warranties. The Company represents and warrants: that the Company lawfully possesses and owns the Intellectual Property Collateral and that except for the security interest granted hereby and Permitted Liens (as defined in the Loan Agreement), the Intellectual Property Collateral will be kept free from all liens, security interests, claims and encumbrances whatsoever; that the Company has not made or given any prior assignment, transfer or security interest in the Intellectual Property Collateral or any of the proceeds thereof; that the Intellectual Property Collateral is and will continue to be, in all respects, in full force and effect; and that there are no known infringements of the Intellectual Property Collateral.
6. Application of Proceeds. The proceeds of any sale, transfer or disposition of the Intellectual Property Collateral shall be applied first to all costs and expenses, including, but not limited to, reasonable attorneys' fees and expenses and court costs, incurred by Agent in connection with such sale and the exercise of Agent's rights and remedies hereunder and under the Loan Agreement; next, such proceeds shall be applied to the payment, in whole or in part, of the Obligations due Agent in such order as Agent may elect; and the balance, if any, shall be paid to the Company or as a court of competent jurisdiction may direct.
7. Defense of Claims. The Company will, to the extent reasonably requested by Agent, defend at its own cost and expense any action, claim or proceeding affecting the Intellectual Property Collateral or the interest of Agent therein. The Company agrees to reimburse Agent for all costs and expenses incurred by Agent in defending any such action, claim or proceeding.
8. Rights Cumulative. This Agreement shall be in addition to the Loan Agreement and shall not be deemed to affect, modify or limit the Loan Agreement or any rights that Agent has under the Loan Agreement. The Company agrees to execute and deliver to Agent (at the Company's expense) any further documentation or papers necessary to carry out the intent or purpose of this Agreement including, but not limited to, financing statements under the Uniform Commercial Code. The rights and remedies of Agent arising under this Agreement, the Irrevocable Power of Attorney delivered by Company in connection herewith, and the Loan Agreement are all subject to provisions of this Agreement and the Loan Agreement and the limitations of applicable law,

including those relating to the exercise of the rights of a secured party upon default under the Uniform Commercial Code. Nothing in this Agreement or in the Irrevocable Power of Attorney delivered by Company in connection herewith shall be deemed to be a waiver by Company of its rights under applicable law, including the Uniform Commercial Code.

9. Construction and Invalidity. Any provisions hereof contrary to, prohibited by or invalid under any laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof.
10. **CHOICE OF LAW.** THE COMPANY AGREES THAT THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. THIS AGREEMENT TOGETHER WITH THE LOAN AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE COMPANY AND AGENT WITH RESPECT TO THE INTELLECTUAL PROPERTY COLLATERAL, CAN ONLY BE CHANGED OR MODIFIED IN WRITING AND SHALL BIND AND BENEFIT THE COMPANY, AGENT AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. THE COMPANY AND AGENT EACH HEREBY EXPRESSLY WAIVES ANY RIGHT OF TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.
11. Events of Default. Any of the following constitutes an Event of Default under this Agreement:
- (i) Any warranty or representation made by Company, in this Agreement shall be or becomes false or misleading in any material respect; or
  - (ii) The occurrence of any Event of Default under the Loan Agreement which is not waived in writing by Agent.
12. Notices. The Company covenants and agrees that, with respect to the Intellectual Property Collateral, it will give Agent written notice in the manner provided in the Loan Agreement of:
- (i) any claim by a third party that the Company has infringed on the rights of a third party;
  - (ii) any material infringement by a third party (known to an executive officer of the Company) on the rights of the Company;
  - (iii) any Trademark Collateral or License Collateral created, arising or acquired by the Company after the date hereof.

13. Further Assurances. The Company will take any such action as Agent may reasonably require to further confirm or protect Agent's rights under this Agreement in the Intellectual Property Collateral. In furtherance thereof, the Company hereby grants to Agent the power of attorney, in the form attached hereto, coupled with an interest which shall be irrevocable during the term of this Agreement.
14. Termination. This Agreement shall terminate upon termination of the Loan Agreement. Upon the Company's request, Agent shall within a reasonable time after any such termination execute and deliver to the Company (at the Company's expense) such documents and instruments as are reasonably necessary to evidence such termination and release of the security interest granted herein on any applicable public record.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement as of the 22<sup>nd</sup> day of June, 2000.

"Company"

**LESLIE'S POOLMART, INC.,**  
a Delaware corporation

By Donald J. Anderson

Title: Chief Financial Officer, Secretary  
and Treasurer

Agreed and Accepted this  
22<sup>nd</sup> day of June, 2000

**FOOTHILL CAPITAL CORPORATION,**  
as Agent

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

Title: \_\_\_\_\_

13. Further Assurances. The Company will take any such action as Agent may reasonably require to further confirm or protect Agent's rights under this Agreement in the Intellectual Property Collateral. In furtherance thereof, the Company hereby grants to Agent the power of attorney, in the form attached hereto, coupled with an interest which shall be irrevocable during the term of this Agreement.
14. Termination. This Agreement shall terminate upon termination of the Loan Agreement. Upon the Company's request, Agent shall within a reasonable time after any such termination execute and deliver to the Company (at the Company's expense) such documents and instruments as are reasonably necessary to evidence such termination and release of the security interest granted herein on any applicable public record.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement as of the 22<sup>nd</sup> day of June, 2000.

"Company"


**LESLIE'S POOLMART, INC.,**  
a Delaware corporation

By \_\_\_\_\_

Title: \_\_\_\_\_

Agreed and Accepted this  
22<sup>nd</sup> day of June, 2000

**FOOTHILL CAPITAL CORPORATION,**  
as Agent

By:   
RHONDA FOREMAN  
SENIOR VICE PRESIDENT

Title: \_\_\_\_\_



## IRREVOCABLE POWER OF ATTORNEY

The undersigned, with offices at 20630 Plummer Street, Chatsworth, CA 91311 (the "Company"), hereby grants Foothill Capital Corporation, as Agent, a California corporation, with offices at 11111 Santa Monica Boulevard, Suite 1500 Los Angeles, California 90025-3333 (hereinafter referred to as "Agent"), the exclusive Irrevocable Power of Attorney to transfer to Agent or to any designee of Agent all Intellectual Property Collateral listed on the Schedules attached to the Grant of Security Interest in Trademarks and Licenses (the "Agreement"), dated as of the date hereof, between the Company and Agent including, without limitation, all trademarks, trademark applications and/or registrations, and licenses together with the goodwill of the business connected with or symbolized by such Intellectual Property Collateral and the Company's entire inventory of labels and decals bearing any trademarks not affixed to its products, and the right to operate and control, sell, assign, and transfer the business under those trademarks under the following terms and conditions:

1. The Power of Attorney granted hereunder shall be effective as of the date hereof and shall last for as long as any now existing or hereafter arising indebtedness, liabilities or obligations of the Company to Agent are outstanding under the Loan Agreement, dated on or about the date hereof, between the Company and Agent.

2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life as specified in Paragraph 1 hereinabove;

3. The Power of Attorney granted herein shall only be exercisable by Agent after the occurrence of an Event of Default under the Agreement between Agent and the Company; and

4. Agent shall give the Company ten (10) days prior written notice of the exercise of this power, and the waiver by Agent of any particular Event of Default as set forth in Paragraph 3 hereinabove shall have no force or effect unless in writing and signed by an authorized officer of Agent. Even then such waiver shall not constitute or be considered a waiver of any other Event of Default then existing or thereafter arising whether similar or not.

IN WITNESS WHEREOF, the undersigned have caused this Power of Attorney to be executed as of the 22<sup>nd</sup> day of June, 2000.

"Company"

**LESLIE'S POOLMART, INC.,**  
a Delaware corporation

By: Donald J. Anderson

Title: Chief Financial Officer, Secretary  
and Treasurer

SCHEDULE A to Intellectual Property Security Agreement

Trademarks

<u>Mark</u>	<u>Country</u>	<u>Serial No.</u>	<u>Filed</u>	<u>Reg. No.</u>	<u>Reg. Date</u>	<u>Status</u>
LESLIE'S OXIDIZER	United States	75-022,778	11/21/95	2,008,597	10/15/96	Registered
LESLIE'S OXIDIZER	United States	73-688,727	10/9/87	1,490,724	6/7/88	Canceled
POWER POWDER	United States	75-022,777	11/21/95	2,008,596	10/15/96	Registered
POWER POWDER	United States	73-688,728	10/9/87	1,494,715	7/5/88	Canceled
AQUA BRITE	United States	74-258,860	3/25/92	None	n/a	Abandoned
INSTA-SHOCK	United States	74-258,824	3/25/92	None	n/a	Abandoned
CHLOR BRITE II	United States	73-688,726	10/9/87	1,489,780	5/31/88	Registered
HARDNESS PLUS	United States	73-560,457	9/27/85	1,396,293	6/10/86	Canceled
ALGAE OUT	United States	73-560,455	9/27/85	1,396,410	6/10/86	Canceled
LESLIE'S CONDITIONER	United States	73-552,424	8/8/85	1,390,428	4/22/86	Canceled
ALGI-KILL	United States	73-552,423	8/8/85	1,437,614	4/28/87	Registered
ALKALINITY UP	United States	73-522,395	8/8/85	1,387,169	3/25/86	Canceled
LESLIE'S SWIMMING POOL SUPPLIES	State-Oklahoma			T,N00,499,965	4/15/91	Registered
OUTSIDE THE ORDINARY	United States	75-689,333	4/23/99	2,326,605	3/7/00	Registered
POOL GRATE (PATENT)	United States	29-112,413	10/14/99	Patent Pending	Pending	Allowed
PERFORMANCE GLASS	United States	76-052,200	5/19/00	TM Pending	Pending	Pending

**SCHEDULE B TO GRANT OF SECURITY INTEREST IN  
TRADEMARKS AND LICENSES**

<u>Name</u>	<u>Registration No.</u>	<u>Registration Date</u>
-------------	-------------------------	--------------------------

None.