

10-01-2001

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Form PTO-1594  
(Rev. 03/01)  
OMB No. 0651-0027 (exp. 5/31/2002)

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U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

Tab settings

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

1. Name of conveying party(ies):

Full Line Distributors, Inc.

9-21-01

- Individual(s)
- General Partnership
- Corporation-State - Georgia
- Other
- Association
- Limited Partnership

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: August 14, 2001

2. Name and address of receiving party(ies)

Name: Bank One, Michigan

Internal

Address:

Street Address: 611 Woodward Avenue

City: Detroit State: MI Zip: 48226

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other Michigan Banking Association

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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,319,136 1,705,104  
1,705,105 1,318,241

Additional number(s) attached  Yes  No

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

Name: David R. Haarz

Internal Address: Dickinson Wright PLLC

Suite 800

Street Address: 1901 L Street, N.W.

City: Washington State: D.C. Zip: 20036

6. Total number of applications and registrations involved:

4

7. Total fee (37 CFR 3.41)

\$ 115.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

09-21-2001

U.S. Patent & TMO Form/TM Mail Receipt #11

(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.

David R. Haarz  
Name of Person Signing

*David R. Haarz*  
Signature

September 19, 2001  
Date

19

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

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patent & Trademarks, Box Assignments  
Washington, D.C. 20231

09/28/2001 BY: 0000076 2319136

01 FC:401  
02 FC:482

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## GUARANTOR SECURITY AGREEMENT

THIS GUARANTOR SECURITY AGREEMENT, dated as of August 14, 2001 (this "Security Agreement"), is made by Full Line Distributors, Inc., a Georgia corporation (the "Grantor"), in favor of Bank One, Michigan, a Michigan banking corporation, as agent (in such capacity, the "Agent") for the benefit of itself and the banks (the "Lenders") now or hereafter parties to the Credit Agreement described below.

### RECITALS

A. Broder Bros., Co., a Michigan corporation (the "Borrower") has entered into an Amended and Restated Credit Agreement dated of even date herewith (as further amended, supplemented, extended, restated or otherwise modified from time to time, including any agreement entered into in substitution therefor, the "Credit Agreement"), with the Lenders and the Agent pursuant to which the Lenders may make Advances (as therein defined) to the Borrower.

B. The Grantor has entered into an Irrevocable Guaranty Agreement dated of even date herewith (the "Guaranty Agreement").

C. Under the terms of the Credit Agreement, the Grantor is required to grant to the Agent, for the benefit of itself and the Lenders, a first-priority security interest, subject only to security interests expressly permitted by the Credit Agreement, in and to the Collateral hereinafter described. Terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the Uniform Commercial Code in the State of Michigan are used herein as therein defined from time to time.

### AGREEMENT

To secure (a) the prompt and complete payment of all Indebtedness and other obligations of the Borrower or any Subsidiary now or hereafter owing to the Lenders or the Agent under or on account of the Credit Agreement, any other Loan Document or any letters of credit, notes or other instruments issued to the Agent or Lenders pursuant thereto, (b) the performance of the covenants under the Credit Agreement, the Collateral Documents and the other Loan Documents and any monies expended by the Agent or any Lender in connection therewith, including without limitation any amounts that the Agent or any Lender may advance or spend for the maintenance or preservation of the Collateral or in connection with the preparation, administration, collection or enforcement of any of the Loan Documents, (c) the prompt and complete payment of all obligations and performance of all covenants of the Borrower or any Subsidiary under any interest rate or currency swap agreements or other Interest Rate Protection Agreements with any Lender or any Affiliate of any Lender, (d) the prompt and complete payment of all obligations and performance of all covenants of the Grantor under the Guaranty Agreement, the Collateral Documents and any other documents, agreements or instruments between the Grantor and the Agent or any Lender given in connection therewith and (e) the prompt and complete payment of any and all other indebtedness, obligations and liabilities of any kind of the Grantor, the Borrower or any Subsidiary to the Agent and the Lenders, or any of them, in all cases, of any kind or nature, howsoever created or evidenced and whether now or hereafter existing, direct or indirect (including without limitation any participation interest acquired by any Lender in any such indebtedness, obligations or liabilities of the Grantor, the Borrower or any Subsidiary to any other person), absolute or contingent, joint and/or several, secured or unsecured, arising

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by operation of law or otherwise, and whether incurred by the Grantor, the Borrower or any Subsidiary as principal, surety, endorser, guarantor, accommodation party or otherwise, including without limitation all principal and all interest (including any interest accruing subsequent to any petition filed by or against the Grantor, the Borrower or any Subsidiary under the U.S. Bankruptcy Code), indemnity and reimbursement obligations, charges, expenses, fees, attorneys' fees and disbursements and any other amounts owing thereunder (all of the aforesaid indebtedness, obligations and liabilities of the Grantor, the Borrower and its Subsidiaries being herein called the "Secured Obligations", and all of the documents, agreements and instruments among the Grantor, the Borrower, the Subsidiaries, the Agent, the Lenders, or any of them, evidencing or securing the repayment of, or otherwise pertaining to, the Secured Obligations including without limitation the Credit Agreement, the Notes, the Collateral Documents and the other Loan Documents, being herein collectively called the "Operative Documents"), for value received and pursuant to the Credit Agreement, the Grantor hereby grants, assigns and transfers to the Agent for the benefit of the Lenders a first-priority security interest, subject only to Liens permitted by the Credit Agreement, in and to the following described personal property whether now owned or existing or hereafter acquired or arising and wherever located (all of which is herein collectively called the "Collateral"):

(a) All of the Grantor's present and future Accounts, Documents, Instruments, Investment Property, General Intangibles (including Payment Intangibles and Software), Deposit Accounts, Letter-of-Credit Rights and Chattel Paper, including, but without limitation, all Supporting Obligations and all monies and claims for money due or to become due to the Grantor, security held or granted to the Grantor, and all assets described in clause (d) below;

(b) All of the Grantor's Equipment, Farm Products, and Fixtures, whether now owned or hereafter acquired, and wherever located, and whether used by the Grantor or any other person, or leased by the Grantor to any person and whether the interest of Grantor is as owner, lessee or otherwise;

(c) All of the Grantor's present and future Inventory of every type, wherever located, including but not limited to raw materials, work in process, finished goods and all inventory that is available for leasing or leased to others by the Grantor;

(d) All other present and future property of the Grantor (whether tangible or intangible) other than real estate, including but not limited to all trademarks, tradenames, service marks, patents, industrial designs, masks, trade names, trade secrets, copyrights, franchises, customer lists, service marks, computer programs, software, tax refund claims, licenses and permits, and the good will associated therewith and all federal, state, foreign and other applications and registrations therefor, all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof now or hereafter in effect, all income, license royalties, damages and payments now and hereafter due or payable under and with respect thereto, including, without limitation, any damages, proceeds or payments for past or future infringements thereof and all income, royalties, damages and payments under all licenses thereof, the right to sue for past, present and future infringements thereof, all right, title and interest of the Grantor as licensor under any of the foregoing whether now owned and existing or hereafter arising, and all other rights and other interests corresponding thereto throughout the world (all of the assets described in this clause (d) collectively referred to as the "Intellectual Property");

(e) To the extent not listed above as original collateral, all products and proceeds of any and all of the foregoing.

1. Representations, Warranties, Covenants and Agreements. The Grantor further represents, warrants, covenants, and agrees with the Agent for the benefit of the Lenders as follows:

(a) Ownership of Collateral; Security Interest Priority. At the time any Collateral becomes subject to a security interest of the Agent hereunder, unless the Agent shall otherwise consent, the Grantor shall be deemed to have represented and warranted that (i) the Grantor is the lawful owner of such Collateral or has the power to transfer the Collateral and has the right and authority to subject the same to the security interest of the Agent; (ii) other than Liens permitted by the Credit Agreement, none of the Collateral is subject to any Lien other than that in favor of the Agent and there is no effective financing statement or other filing covering any of the Collateral on file in any public office, other than in favor of the Agent. Upon filing of financing statements in the appropriate offices in the locations listed on Schedule 1(a), this Security Agreement creates in favor of the Agent a valid first-priority security interest, subject only to Liens permitted by the Credit Agreement, in the Collateral enforceable against the Grantor and all third parties and securing the payment of the Secured Obligations. The Grantor authorizes the Agent to file financing statements describing the Collateral.

(b) Location of Offices and Facilities. The Grantor is a corporation organized under the laws of the State of Georgia. The Grantor's its chief executive office is located in the State of Georgia, County of Cherokee at 1200 Airport Drive, Ball Ground, Georgia 30107. The Grantor will provide the Agent with prior written notice of any proposed change in the location of its chief executive office. The Grantor's only other offices and facilities are at the locations set forth in Schedule 1(b) hereto. The Grantor will provide the Agent with prior written notice of any change in the locations of its other offices and the facilities at which any assets of the Grantor are located. The Federal tax identification number of the Grantor is 58-1724902 and its state organizational number (if any) issued by the jurisdiction of its organization is J703538. The name of the Grantor is Full Line Distributors, Inc., which is the exact name as it appears in the Grantor's organizational documents, as amended, as filed with the Grantor's jurisdiction of organization, and the Grantor operates under no other names except those listed on Schedule 1(b). The Grantor shall not change its name or operate under any other names without the prior written consent of the Agent.

(c) Location of Inventory, Fixtures, Machinery and Equipment. (i) All Collateral consisting of Inventory is, and will be, located at the locations listed on Schedule 1(c)(i) hereto, and at no other locations without the prior written consent of the Agent. (ii) All Collateral consisting of Fixtures, machinery or Equipment, is, and will be, located at the locations listed on Schedule 1(c)(ii) hereto, and at no other locations without the prior written consent of the Agent. If the Collateral described in clauses (i) or (ii) is kept at leased locations or warehoused, appropriate warehousemen's notices and acknowledgements have been sent and the Grantor will use commercially reasonable efforts to obtain landlord subordination and notification as required by the Credit Agreement, each satisfactory to the Agent, unless waived by the Agent. None of the Equipment is covered by any certificate of title, except of the vehicles described in Schedule 1(c)(ii). None of the Collateral is of a type for which security interests or liens may be perfected by filing under any federal statute except for patents, trademarks and copyrights held by the Grantor.

(d) Liens, Etc. The Grantor will keep the Collateral free at all times from any and all liens, security interests or encumbrances other than Liens permitted by the Credit Agreement and those consented to in writing by the Majority Lenders. The Grantor will not, without the prior written consent of the Agent, sell, lease, license, transfer, assign or otherwise dispose, or permit or suffer to be sold, leased, licensed, transferred, assigned or otherwise disposed, any of the Collateral, except for, prior to the occurrence and continuance of an Event of Default only (notwithstanding any other agreement), the following: Inventory sold in the ordinary course of business and other assets permitted to be sold, leased, licensed, transferred, assigned or otherwise disposed under Section 9.5 of the Credit Agreement; provided, that notwithstanding the occurrence and continuance of an Event of Default, the Borrower shall be permitted to sell, lease or otherwise dispose of Collateral in accordance with Section 9.5(a) and (b) of the Credit Agreement.

(e) Insurance. The Grantor shall keep the tangible Collateral insured at all times against loss by theft, fire and other casualties. Said insurance shall be in amounts sufficient to protect the Agent against any and all loss or damage to the Collateral. The policy or policies which evidence said insurance shall be delivered to the Agent upon request, shall contain a lender loss payable clause in favor of the Agent, shall name the Agent for the benefit of the Lenders as an additional insured, as its interest may appear, shall not permit material amendment or cancellation without giving the Agent at least 30 days prior written notice thereof, and shall otherwise be in form and substance satisfactory to the Agent. Reimbursement under any liability insurance maintained by the Grantor pursuant to this paragraph 1(e) may be paid directly to the person who shall have incurred liability covered by such insurance, provided that:

(i) if any Event of Default has occurred and is continuing (whether before or after any event which caused any reimbursement under any liability insurance) such reimbursement shall be paid to the Agent for application to the Secured Obligations.

(ii) prior to the occurrence and continuance of an Event of Default (whether before or after any event which caused any reimbursement under any liability insurance), the Grantor may use the proceeds of such insurance solely to repair or replace the property damaged to the extent permitted by the Credit Agreement, provided that if such repair or replacement cannot be accomplished within 180 days after such reimbursement amount is received, the proceeds of such insurance shall be paid to the Agent for application to the Secured Obligations; and, provided, further, upon the request of the Agent, such insurance proceeds that are allowed to be used to repair or replace hereunder may be held by the Agent in a cash collateral account.

(f) Taxes, Etc. Unless a failure to pay could not have a Material Adverse Effect, the Grantor will pay promptly, and within the time that they can be paid without interest or penalty, any taxes, assessments and similar imposts and charges, not being contested in good faith, which are now or hereafter may become a Lien upon any of the Collateral. If the Grantor fails to pay any such taxes, assessments or other imposts or charges in accordance with this Section, the Agent shall have the option to do so and the Grantor agrees to repay forthwith all amounts so expended by the Agent with interest at the rate(s) set forth in the Credit Agreement.

(g) Further Assurances. The Grantor will do all acts and things and will execute all financing statements and writings reasonably requested by the Agent to establish, maintain and continue a perfected and valid security interest of the Agent in the Collateral, and will promptly on demand pay all reasonable costs and expenses of filing and recording all instruments, including the costs of any searches deemed necessary by the Agent, to establish and determine the validity and the priority of the Agent's security interests. A carbon, photographic or other reproduction of this Security Agreement or any financing statement covering the Collateral shall be sufficient as a financing statement if the Grantor does not promptly execute a financing statement upon request of the Agent.

(h) List of Patents, Copyrights, Mask Works and Trademarks. Attached hereto as Schedule 1(h)(i) is a list of all patents and patent applications owned by the Grantor. Attached hereto as Schedule 1(h)(ii) is a list of all registered copyrights and all mask works and applications therefor owned by the Grantor. Attached hereto as Schedule 1(h)(iii) is a list of all trademarks and service marks owned by the Grantor. If the Grantor at any time owns any additional patents, copyrights, mask works, trademarks or any applications therefor not listed on such schedules, the Grantor shall give the Agent prompt written notice thereof and hereby authorizes the Agent to modify this Agreement by amending Schedules 1(h)(i), 1(h)(ii) and 1(h)(iii) to include all future patents, copyrights, mask works, trademarks

and applications therefor and agrees to execute all further instruments and agreements, if any, if requested by the Agent to evidence the Agent's interest therein.

(i) Maintenance of Tangible Collateral. The Grantor will cause the tangible Collateral material to the conduct of its business to be maintained and preserved in good repair, working order and condition, ordinary wear and tear and damage by casualty excepted, and shall, from time to time, make or cause to be made all necessary and proper repairs, replacements, and other improvements which are necessary or desirable to such end, except where a failure to do so would not reasonably be expected to have a Material Adverse Effect. The Grantor shall promptly furnish to the Agent a statement respecting any loss or damage to any of the tangible Collateral.

(j) Special Rights Regarding Accounts. The Agent or any of its agents may, at any time and from time to time in its sole discretion and irrespective of the existence of any Event of Default under this Security Agreement, verify, directly with each person (collectively, the "Obligors") which owes any Accounts to the Grantor, the Accounts in any reasonable manner. If the Agent or any of its agents shall collect such obligations directly from the Obligors, the Agent or any of its agents shall have the right to resolve any disputes relating to returned goods directly with the Obligors in such manner and on such terms as the Agent or any of its agents shall deem appropriate. The Grantor directs and authorizes any and all of its present and future Obligors to comply with requests for information from the Agent, the Agent's designees and agents and/or auditors, relating to any and all business transactions between the Grantor and the Obligors. The Grantor further directs and authorizes all of its Obligors upon receiving a notice or request sent by the Agent or the Agent's agents or designees to pay directly to the Agent any and all sums of money or proceeds now or hereafter owing by the Obligors to the Grantor, and any such payment shall act as a discharge of any debt of such Obligor to the Grantor in the same manner as if such payment had been made directly to the Grantor. The Grantor agrees to take any and all action as the Agent may reasonably request to assist the Agent in exercising the rights described in this Section.

(k) Maintenance of Intellectual Property and Other Intangible Collateral. The Grantor shall preserve and maintain all rights of the Grantor and the Agent in all material Intellectual Property and all other material intangible Collateral, including without limitation the payment of all maintenance fees, filing fees and the taking of all appropriate action at the Grantor's expense to halt the infringement of any of the Intellectual Property or other Collateral, provided that, with respect to halting the infringement of any Intellectual Property or other Collateral, the Grantor does not need to take all such appropriate action if the Grantor has, or after an Event of Default the Majority Lenders have, reasonably determined that it is not in its best interest to demand or enforce cessation of such infringement or other conduct because it is either not material or because the adverse consequences to the Grantor would outweigh the benefits gained by such demand or enforcement.

(l) Deposit Accounts. The Grantor will (i) upon the Agent's request, use commercially reasonable efforts to cause each bank or other financial institution in which it maintains a Deposit Account to enter into a control agreement with the Agent, in form and substance reasonably satisfactory to the Agent in order to give the Agent Control of the Deposit Account and if such efforts are unsuccessful, the Grantor will promptly close such Deposit Account and withdraw the funds and (ii) upon the Agent's request after the occurrence and during the continuance of an Event of Default, deliver to each such bank or other financial institution a letter, in form and substance acceptable to the Agent, transferring ownership of the Deposit Account to the Agent or transferring dominion and control over each such other deposit to the Agent until such time as no Event of Default exists. In the case of deposits maintained with Lenders, the terms of such letter shall be subject to the provisions of the Credit Agreement regarding setoffs.

(m) Letter-of-Credit Rights. The Grantor will upon the Agent's request, cause each issuer of a letter of credit to consent to the assignment of proceeds of the letter of credit or otherwise give the Agent control of the related letter-of-credit right.

2. Reserved.

3. Remedies. Upon the occurrence and continuation of any Event of Default, the Agent shall have and may exercise any one or more of the rights and remedies provided to it under this Security Agreement or any of the other Operative Documents or provided by law, including but not limited to all of the rights and remedies of a secured party under the Michigan Uniform Commercial Code, and the Grantor hereby agrees to assemble the Collateral and make it available to the Agent at a place to be designated by the Agent which is reasonably convenient to both parties, authorizes the Agent to take possession of the Collateral with or without demand and in accordance with applicable law and to sell and dispose of the same at public or private sale and to apply the proceeds of such sale to the costs and expenses thereof (including reasonable attorneys' fees and disbursements, incurred by the Agent) and then to the payment and satisfaction of the Secured Obligations. Any requirement of reasonable notice shall be met if the Agent sends such notice to the Grantor, by registered or certified mail, at least 5 days prior to the date of sale, disposition or other event giving rise to a required notice. The Agent or any Lender may be the purchaser at any such sale. The Grantor expressly authorizes such sale or sales of the Collateral in advance of and to the exclusion of any sale or sales of or other realization upon any other collateral securing the Secured Obligations. The Agent shall have no obligation to preserve rights against prior parties, and the Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Grantor hereby waives as to the Agent and each Lender any right of subrogation or marshaling of such Collateral and any other collateral for the Secured Obligations. To this end, the Grantor hereby expressly agrees that any such collateral or other security of the Grantor or any other party which the Agent may hold, or which may come to any of the Lenders or any of their possession, may be dealt with in all respects and particulars as though this Security Agreement were not in existence. The parties hereto further agree that public sale of the Collateral by auction conducted in any county in which any Collateral is located or in which the Agent or the Grantor does business after advertisement of the time and place thereof shall, among other manners of public and private sale, be deemed to be a commercially reasonable disposition of the Collateral. The Grantor shall be liable for any deficiency remaining after disposition of the Collateral. The Agent, on behalf of the Lenders, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. The Agent may specifically disclaim any warranties of title or the like. If the Agent sells any of the Collateral upon credit, the Grantor will be credited only with payments actually made by the purchaser, received by the Agent and applied to the indebtedness of such purchaser. In the event any such purchaser fails to pay for the Collateral, the Agent may resell the collateral and the Grantor shall be credited with the proceeds of sale.

4. Special Remedies Concerning Certain Collateral.

(a) Upon the occurrence and continuation of any Event of Default, the Grantor shall, if requested to do so in writing, and to the extent so requested (i) promptly collect and enforce payment of all amounts due the Grantor on account of, in payment of, or in connection with, any of the Collateral, (ii) hold all payments in the form received by the Grantor as trustee for the Agent, without commingling with any funds belonging to the Grantor, and (iii) forthwith deliver all such payments to the Agent with endorsement to the Agent's order of any checks or similar instruments.

(b) Upon the occurrence and continuation of any Event of Default, the Grantor shall, if requested to do so, and to the extent so requested, notify all Obligor and other persons with

obligations to the Grantor on account of or in connection with any of the Collateral of the security interest of the Agent in the Collateral and direct such account debtors and other persons that all payments in connection with such obligations and the Collateral be made directly to the Agent. The Agent itself may, upon the occurrence of an event of default, so notify and direct any such account debtor or other person that such payments are to be made directly to the Agent.

(c) Upon the maturity (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, the occurrence and continuation of an Event of Default and the exercise of rights and remedies under this Security Agreement by the Agent, for purposes of assisting the Agent in exercising its rights and remedies provided to it under this Security Agreement, the Grantor (i) hereby irrevocably constitutes and appoints the Agent its true and lawful attorney, for and in the Grantor's name, place and stead, to collect, demand, receive, sue for, compromise, and give good and sufficient releases for, any monies due or to become due on account of, in payment of, or in connection with the Collateral, (ii) hereby irrevocably authorizes the Agent to endorse the name of the Grantor, upon any checks, drafts, or similar items which are received in payment of, or in connection with, any of the Collateral, and to do all things necessary in order to reduce the same to money, (iii) with respect to any Collateral, hereby irrevocably assents to all extensions or postponements of the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromise or adjustment (including adjustment of insurance payments) thereof, all in such manner and at such time or times as the Agent shall deem advisable and (iv) hereby irrevocably authorizes the Agent to notify the post office authorities to change the address for delivery of the Grantor's mail to an address designated by the Agent, and the Agent may receive, open and dispose of all mail addressed to the Grantor. Notwithstanding any other provisions of this Security Agreement, it is expressly understood and agreed that the Agent shall have no duty, and shall not be obligated in any manner, to make any demand or to make any inquiry as to the nature or sufficiency of any payments received by it or to present or file any claim or take any other action to collect or enforce the payment of any amounts due or to become due on account of or in connection with any of the Collateral.

5. Remedies Cumulative. No right or remedy conferred upon or reserved to the Agent under any Operative Document is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy of the Agent under any Operative Document or under applicable law may be exercised from time to time and as often as may be deemed expedient by the Agent. To the extent that it lawfully may, the Grantor agrees that it will not at any time insist upon, plead, or in any manner whatever claim or take any benefit or advantage of any applicable present or future stay, extension or moratorium law, which may affect observance or performance of any provisions of any Operative Document; nor will it claim, take or insist upon any benefit or advantage of any present or future law providing for the valuation or appraisal of any security for its obligations under any Operative Document prior to any sale or sales thereof which may be made under or by virtue of any instrument governing the same; nor will the Grantor, after any such sale or sales, claim or exercise any right, under any applicable law to redeem any portion of such security so sold.

6. Conduct No Waiver. No waiver of default shall be effective unless in writing executed by the Agent and waiver of any default or forbearance on the part of the Agent in enforcing any of its rights under this Security Agreement shall not operate as a waiver of any other default or of the same default on a future occasion or of such right.

7. Governing Law; Consent to Jurisdiction. This Security Agreement is a contract made under, and shall be governed by and construed in accordance with, the law of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to



choice of law principles of such State. The Grantor agrees that any legal action or proceeding with respect to this Security Agreement or the transactions contemplated hereby may be brought in any court of the State of Michigan, or in any court of the United States of America sitting in Michigan, and the Grantor hereby submits to and accepts generally and unconditionally the jurisdiction of those courts with respect to its person and property, and irrevocably appoints Michael Brode, at the Borrower's address set forth in the Credit Agreement, as its agent for service of process and irrevocably consents to the service of process in connection with any such action or proceeding by personal delivery to such agent or to the Grantor or by the mailing thereof by registered or certified mail, postage prepaid to the Grantor at the Borrower's address set forth in the Credit Agreement. Nothing in this paragraph shall affect the right of the Agent to serve process in any other manner permitted by law or limit the right of the Agent to bring any such action or proceeding against the Grantor or its property in the courts of any other jurisdiction. The Grantor hereby irrevocably waives any objection to the laying of venue of any such suit or proceeding in the above described courts. The headings of the various subdivisions hereof are for convenience of reference only and shall in no way modify any of the terms or provisions hereof.

8. Notices. All notices, demands, requests, consents and other communications hereunder shall be delivered in the manner described in the Credit Agreement.

9. Rights Not Construed as Duties. The Agent neither assumes nor shall it have any duty of performance or other responsibility under any contracts in which the Agent has or obtains a security interest hereunder. If the Grantor fails to perform any agreement contained herein, the Agent may but is in no way obligated to itself perform, or cause performance of, such agreement, and the reasonable expenses of the Agent incurred in connection therewith shall be payable by the Grantor under paragraph 12. The powers conferred on the Agent hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and accounting for monies actually received by it hereunder, the Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

10. Amendments. None of the terms and provisions of this Security Agreement may be modified or amended in any way except by an instrument in writing executed by each of the parties hereto.

11. Severability. If any one or more provisions of this Security Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected, impaired or prejudiced thereby.

12. Expenses. (a) The Grantor agrees to indemnify the Agent from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from the Agent's gross negligence or willful misconduct.

(b) The Grantor will, upon demand, pay to the Agent an amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which the Agent may incur in connection with (i) the administration of this Security Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Agent hereunder or under the Operative Documents, or (iv) the failure of the Grantor to perform or observe any of the provisions hereof.

13. Successors and Assigns; Termination. This Security Agreement shall create a continuing security interest in the Collateral and shall be binding upon the Grantor, its successors and assigns (including all persons who become bound as a debtor to this Security Agreement), and inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Agent and its successors, transferees and assigns. Upon the payment in full in immediately available funds of all of the Secured Obligations (other than contingent indemnification obligations with respect to which there are no unsatisfied claims and with respect to which neither the Agent nor any Lender asserts a claim as of the date a termination of this Security Agreement is requested to be terminated) and the termination of all commitments to lend and letters of credit outstanding under the Operative Documents, the security interest granted hereunder shall terminate and all rights to the Collateral shall revert to the Grantor.

14. Waiver of Jury Trial. The Agent and the Lenders, in accepting this Security Agreement, and the Grantor, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right any of them may have to a trial by jury in any litigation based upon or arising out of this Security Agreement or any related instrument or agreement or any of the transactions contemplated by this Security Agreement or any course of conduct, dealing, statements (whether oral or written) or actions of any of them. Neither the Agent, the Lenders nor the Grantor shall seek to consolidate, by counterclaim or otherwise, any such action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by either the Agent, the Lenders or the Grantor except by a written instrument executed by all of them.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement to be duly executed as of the day and year first set forth above.

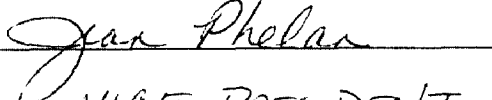
FULL LINE DISTRIBUTORS, INC.

By: 

Its: CFO

Accepted and Agreed:

BANK ONE, MICHIGAN, as Agent and  
on behalf of the Lenders

By: 

Its: VICE PRESIDENT

SCHEDULE 1(a) TO SECURITY AGREEMENT

Locations Where Financing Statements Are to Be Filed

1. Clerk of the Superior Court, Cherokee County, Georgia
2. Clerk of the Superior Court, Crawford County, Georgia
3. Clerk of the Superior Court, DeKalb County, Georgia

SCHEDULE TO 1(b) TO SECURITY AGREEMENT

List of Other Office and Facility Locations

<u>Type of Office or Facility</u>	<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>
Warehouse	4850 Ball Ground Highway	Ball Ground	Cherokee	Georgia
Sewing	640 Industrial Park Drive	Roberta	Crawford	Georgia
Distribution	2650 Buttorn Gwinnett Drive Suite E	Doraville	Gwinnett	Georgia
Distribution	26100 Road	Bedford Heights	Cayahoga	Ohio
Distribution	2356 Moore Avenue	Fullerton	Orange	California
Distribution	1297 North Post Avenue Suite 150-190	Houston	Harris	Texas
Distribution	3350 Executive Way	Miramar	Broward	Florida
Distribution	6667 Jonas Place	Berkley	St. Louis	Missouri

List of Other Names of the Grantor

L.A. T Sportswear, Inc., L.A. T Sportswear

SCHEDULE TO 1(c)(i) TO SECURITY AGREEMENT

List of Inventory Locations

<u>Type of Office or Facility</u>	<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>
Warehouse	4850 Ball Ground Highway	Ball Ground	Cherokee	Georgia
Sewing	640 Industrial Park Drive	Roberta	Crawford	Georgia
Distribution	2650 Button Gwinnett Drive Suite E	Doraville	Gwinnett	Georgia
Distribution	26100 Road	Bedford Heights	Cayahoga	Ohio
Distribution	2356 Moore Avenue	Fullerton	Orange	California
Distribution	1297 North Post Avenue Suite 150-190	Houston	Harris	Texas
Distribution	3350 Executive Way	Miramar	Broward	Florida
Distribution	6667 Jonas Place	Berkley	St. Louis	Missouri
Administration and distribution	1200 Airport Drive	Ball Ground	Cherokee	Georgia

**SCHEDULE TO 1(c)(ii) TO SECURITY AGREEMENT**

List of Fixtures, Machinery and Equipment Locations and Vehicles Covered by Certificates of Title

**A. List of Fixtures, Machinery and Equipment Locations**

<u>Address</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>Legal Description, Record Owner and Tax Parcel No. (if Fixtures are at this Location)</u>
4850 Ball Ground Highway	Ball Ground	Cherokee	Georgia	Full Line
640 Industrial Park Drive	Roberta	Crawford	Georgia	Development Authority of Crawford County US Highway 341 North P.O. Box 700 Roberta, GA 31078
2650 Button Gwinnett Drive Suite E	Doraville	Gwinnett	Georgia	John W. Rocker & Associates, Inc. 4920 North Royal Atalanta Drive Tucker, GA 30084
26100 Road	Bedford Heights	Cayahoga	Ohio	The Naiman Company 26800 Fargo Ave. Bedford Heights, OH 44146
2356 Moore Avenue	Fullerton	Orange	California	The Clifford Companies, 1451 Quail St. #210, Newport Beach, CA 92660
1297 North Post Avenue Suite 150-190	Houston	Harris	Texas	ProLogis Trust 4448 West 12th St. Houston, TX 77055
3350 Executive Way	Miramar	Broward	Florida	Sunbeam Properties, Inc. 1401 79th St. Causeway Miami, FL 33141
6667 Jonas Place	Berkley	St. Louis	Missouri	Central Paper Stock Co., Inc. P.O. Box 790100 Dept. 25136 St. Louis, MO 25136
1200 Airport Drive	Ball Ground	Cherokee	Georgia	Full Line

**B. Vehicles subject to certificates of title:**

Description	Title Number & State Where Issued
1. 1985 Volvo Truck	Title Number: 27258538 (Georgia) VIN #: Y83L06812FB033030
2. 1989 Isuzu Sedan	Title Number: 19605410 (Georgia) VIN #: JALB481H7K7003676

C. Aircraft/engines, ships, railcars and other vehicles governed by federal statute:

Description

Registration Number

None.



SCHEDULE TO 1(h)(i) TO SECURITY AGREEMENT

Patents and Applications

None.

SCHEDULE TO 1(h)(ii) TO SECURITY AGREEMENT

Copyrights, Maskworks and Applications

None.

SCHEDULE TO 1(h)(iii) TO SECURITY AGREEMENT

Trademarks, Service Marks and Applications

The following is a list of Full Line's trademarks:

1. L.A. T FOR KIDS; Registration No, 1,705,1204
2. L.A. T SPORTWEAR AND DESIGN; Registration No. 2,319,136
3. L.A. T SPORTSWEAR; Registration No. 1,705,105
4. RABBIT SKINS AND DESIGNS; Registration No. 1, 318,241
5. WOODBRIDGE; Application No. 76/002084 – Full Line did not file a response the Office Action, dated September 28, 2000, and the filing period for such response has since expired.

The following is a list of Full Line's domain names:

1. fullline.com
2. latsportswear.com
3. sportswearcatalog.com
4. ecartonline.com

DETROIT 7-3363 614040