

09-06-2002

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Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2008)
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EET U.S. DEPARTMENT OF COMMERCE
-Y U.S. 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):

Home Diagnostics, Inc.

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

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

2. Name and address of receiving party(ies)
Name: CapitalSource Finance LLC
Internal Address: _____
Street Address: 4445 Willard Avenue
City: Chevy Chase State: MD Zip: 20815

 Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Limited Liability Company (Delaware)
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

3. Nature of conveyance:

 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: September 3, 2002 (09/03/2002)

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

A. Trademark Application No.(s)

See attached

Additional number(s) attached Yes No

B. Trademark Registration No.(s)

See attached

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

Name: Deborah Corey

Internal Address: King & Spalding

Street Address: 191 Peachtree Street

City: Atlanta State: GA Zip: 30303

6. Total number of applications and registrations involved: 15

7. Total fee (37 CFR 3.41).....\$390.00

 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

(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.

Deborah Corey Deborah Corey September 3, 2002
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 10

09/06/2002 BYRNE 00000127 78129409

01 FC:481
02 FC:482

40.00 DP
350.00 DP

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

TRADEMARK
REEL: 2576 FRAME: 0661

SCHEDULE I
to
ACKNOWLEDGEMENT OF INTELLECTUAL PROPERTY LIEN
TRADEMARK REGISTRATIONS

| TRADEMARK | APPLICATION/ REGISTRATION NO. | SERIAL/ REGISTRATION DATE |
|--|----------------------------------|------------------------------|
| TRUETRACK SMART SYSTEM (Words Only) | 78-129489 | 05/17/2002 |
| TRUETRACK SMART SYSTEM (Words and Design) | 78-129250 | 05/16/2002 |
| ZIP-CHIP (Words Only) | 78-122352 | 04/17/2002 |
| ZIP-Strip (Words Only) | 78-122349 | 04/17/2002 |
| TRACK-EASE (Words Only) | 78-121286 | 04/12/2002 |
| TRUE-VIEW (Words Only) | 78-121282 | 04/12/2002 |
| TRUE-VIEW (Words Only) | 78-121284 | 04/12/2002 |
| SMART CHOICE (Words Only) | 78-381444 | 03/08/2002 |
| PRESTIGE LX (Words Only) | 76-186497 | 12/27/2000 |
| PRESTIGE IQ (Words Only) | 76-150528 | 10/18/2000 |
| LITE TOUCH (Words Only) | 76-091569 | 07/19/2000 |
| PRESTIGE LITE TOUCH (stylized letters) | 2539666 | 02/19/2002 |
| PRESTIGE SMART SYSTEM (words only) | 76-092197 | 07/19/2000 |
| PRESTIGE SMART SYSTEM (words and design) | 76-091568 | 07/19/2000 |
| DIALET (words only) | 1457313 | 09/15/1987 |

There are no Trademark Licenses.

**ACKNOWLEDGEMENT OF
INTELLECTUAL PROPERTY COLLATERAL LIEN**

This Acknowledgement of Intellectual Property Collateral Lien is dated as of September 3, 2002, by **Home Diagnostics, Inc.** (the "Grantor"), in favor of CAPITALSOURCE FINANCE LLC (the "Lender").

WITNESSETH:

WHEREAS, pursuant to that certain Revolving Credit, Term Loan and Security Agreement, dated as of September 3, 2002 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Loan and Security Agreement**") among the Grantor and the Lender, the Lender has agreed to provide loans to the Grantor upon the terms and subject to the conditions set forth therein; and

WHEREAS, the Grantor granted to Lender certain liens on the Collateral to secure their Obligations under the Loan and Security Agreement; and

WHEREAS, pursuant to the terms of the Loan and Security Agreement the Grantor is required to execute and deliver this Acknowledgment in favor of the Lender;

NOW, THEREFORE, in consideration of the premises and to induce the Lender to enter into the Loan and Security Agreement and to make loans to the Grantor thereunder, Grantor hereby agrees with the Lender as follows:

Section 1. Defined Terms. Unless otherwise defined herein, terms defined in the Loan and Security Agreement and used herein have the meaning given to them in the Loan and Security Agreement.

Section 2. Reaffirmation of Grant of Security Interest in Intellectual Property Collateral. Grantor, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of Grantor, hereby reaffirms its grant of a first priority security interest in the Collateral, and further collaterally assigns, conveys, mortgages, pledges, hypothecates and transfers to the Lender, and grants to the Lender, a lien on and security interest in all of its right, title and interest in, to and under the following Collateral of Grantor (herein referred to as "**Intellectual Property Collateral**"):

(a) all of its owned Trademarks and Trademark Licenses to which it is a party, including those referred to on Schedule I hereto;

all reissues, continuations or extensions of the foregoing;

all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License;

all Proceeds of the foregoing, including any claim by Grantor against third parties for past, present, future (i) infringement or dilution of any Trademark or Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License;

(b) all of its Copyrights and Copyright Licenses to which it is a party, including those referred to on Schedule II hereto;

all reissues, continuations or extensions of the foregoing; and

all Proceeds of the foregoing, including any claim by Grantor against third parties for past, present, future infringement or dilution of any Copyright or Copyright licensed under any Copyright License; and

(c) all of its Patents and Patent Licenses to which it is a party, including those referred to on Schedule III hereto;

all reissues, continuations or extensions of the foregoing; and

all Proceeds of the foregoing, including any claim by Grantor against third parties for past, present or future infringement or dilution of any Patent or any Patent licensed under any Patent License.

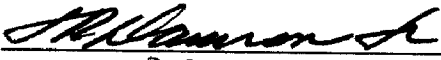
Section 3. Acknowledgement. The security interests reaffirmed herein are granted in conjunction with the security interest granted to the Lender pursuant to the Loan and Security Agreement and Grantor hereby acknowledges and affirms that the rights and remedies of the Lender with respect to the security interest in the Intellectual Property Collateral made and granted hereby are more fully set forth in the Loan and Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[signature page follows]

IN WITNESS WHEREOF, Grantor has caused this Acknowledgment of Intellectual Property Collateral Lien to be executed and delivered by its duly authorized officer as of the date first set forth above.

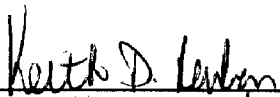
Very truly yours,

HOME DIAGNOSTICS, INC.

By: 
Name: J. R. Damron Jr.
Title: President & CEO

Accepted and Agreed:

CAPITALSOURCE FINANCE LLC, as Lender

By: 
Name: Keith D. Reuben
Title: Director

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SCHEDULE II
to
ACKNOWLEDGEMENT OF INTELLECTUAL PROPERTY LIEN
COPYRIGHT REGISTRATIONS

A. REGISTERED COPYRIGHTS

No Copyright

B. COPYRIGHT APPLICATIONS

No Copyright Applications

C. COPYRIGHT LICENSES

No Copyright License

SCHEDULE III
to
ACKNOWLEDGEMENT OF INTELLECTUAL PROPERTY LIEN
PATENT REGISTRATIONS

| <i>TITLE</i> | <i>SERIAL/ PATENT NO.</i> | <i>FILING/ ISSUE DATE</i> |
|--|--|-------------------------------|
| Combined portable cardiac and respiratory monitor | D315210 | 03/05/1991 |
| Assay kit including an analyte test strip and a color comparator; aperture through each of the color fields | 4877580 | 10/31/1989 |
| Portable belt monitor of physiological functions and sensors therefor | 4889131 | 12/26/1989 |
| Test strip and fixture; portable, disposable, self-test analytical fixture conducting analysis of serums | 4790979 | 12/13/1998 |
| A dry reagent delivery system with membrane having porosity gradient; analyzing, immunoassay, indicators | 4774192 | 09/27/1988 |
| Diagnostic Test Strip; multilayer strip of support with screen and membranes | 5296192 | 03/22/1994 |
| Diagnostic sanitary test strip; a multilayered test strip for heterogeneous fluids to test for the presence of suspected analyte by colorimetric analysis; the strip has an upper support strip with a fluid receiving port and a lower support with a color changing viewing port | 6284550 (Main Patent) 6040195 (Division Priority) | 09/04/2001 03/21/2000 |
| Diagnostic sanitary test strip; a test strip with an upper support strip with a fluid receiving port, lower strip with a color viewing port secured between a spreading mesh screen for uniform distribution, a chemically treated layer for removing undesirable elements | 6040195 | 03/21/2000 |
| Blood fluid characteristics analysis instrument | 5995236 | 11/30/1999 |
| Blood Fluid Characteristics Analysis Instrument | 6201607 | 03/13/2001 |
| Improved Method of Strip Insertions Detection | 794037 (application) | 02/28/2001 |
| Protective Test Strip Platform | 448711 (application) | 11/24/1999 |
| Modem Capable of Uploading Data from Diagnostic Meter | 512919 (application) | 02/25/2000 |
| Diagnostic Sanitary Test Strip | 984948 (application) | 10/31/2001 |
| Diagnostic Sanitary Test Strip | 939834 (application) | 08/28/2001 |

| <i>TITLE</i> | <i>SERIAL/ PATENT NO.</i> | <i>FILING/ ISSUE DATE</i> |
|--|-------------------------------------|-------------------------------|
| Spectral Curve Analysis Method and Apparatus | 794044 (application) | 02/28/2001 |
| Algorithm for Analyte Testing Apparatus | 794045 (application) | 02/28/2001 |
| Smart Key | 375017 (provisional application) | 04/25/2002 |
| Potentiometric Test Strip Identification | 375019 (provisional application) | 04/25/2002 |
| Four Electrode Biosensor with Auto-On | 375020 (provisional application) | 04/25/2002 |
| Biosensor Layout and Method of Manufacture | 375054 (provisional application) | 04/25/2002 |

There are no Patent Licenses.