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Form PTO-1594  
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Tab settings

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U.S. DEPARTMENT OF COMMERCE  
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. / 1-2-02  
 Individual(s)       Association  
 General Partnership       Limited Partnership  
 Corporation-State  
 Other \_\_\_\_\_  
Additional name(s) of conveying party(ies) attached?  Yes  No

2. Name and address of receiving party(ies)  
Name: Albion Alliance Mezzanine Fund II, L.P.  
Internal Address: \_\_\_\_\_  
Address: \_\_\_\_\_  
Street Address: 1345 Avenue of the Americas  
City: New York State: NY Zip: 10105  
 Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General Partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_  
 Corporation-State \_\_\_\_\_  
 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

3. Nature of conveyance:  
 Assignment       Merger  
 Security Agreement       Change of Name  
 Other \_\_\_\_\_  
Execution Date: September 3, 2002

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s)  
See attached list  
Additional number(s) attached  Yes  No

B. Trademark Registration No.(s)  
See attached list

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Eva Tan  
Internal Address: Goodwin Procter LLP  
Street Address: Seven Becker Farm Road  
City: Roseland State: NJ Zip: 07068

6. Total number of applications and registrations involved: 22  
7. Total fee (37 CFR 3.41).....\$ 565  
 Enclosed  
 Authorized to be charged to deposit account  
8. Deposit account number:  
06-0923  
(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.*  
Eva Tan \_\_\_\_\_ Signature \_\_\_\_\_ Date Oct. 2, 2002  
Name of Person Signing

10/07/2002 LMIJELER 00000133 060923 1457313

Total number of pages including cover sheet, attachments, and document: 3

01 FC:481 40.00 CH  
02 FC:482 525.00 CH

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

TRADEMARK  
REEL: 2594 FRAME: 0741

LIST OF MARKS

TRADEMARK	APPLICATION/REGISTRATION NUMBER	SERIAL/REGISTRATION DATE
DIALET	1457313	9/15/1987
DIASCAN	1888174	4/11/1995
PRESTIGE LITE TOUCH	2539666	2/19/2002
PRESTIGE PERFORMANCE AND DESIGN	75-715697	5/28/1999
PRESTIGE SMART SYSTEM AND DESIGN	76-091568	7/19/2000
PRESTIGE SMART SYSTEM	76-092197	7/19/2000
LITE TOUCH	76-091569	7/19/2000
PRESTIGE LX	76-186497	12/27/2000
PRESTIGE IQ	76-150528	10/18/2000
TRUETRACK SMART SYSTEM	78-129489	5/17/2002
TRUETRACK SMART SYSTEM	78-129250	5/16/2002
TRUETRACK SMART SYSTEM	78-129339	5/16/2002
ZIP-CHIP	78-122352	4/17/2002

ZIP-STRIP	78-122349	4/17/2002
TRACK-EASE	78-121286	4/12/2002
TRUE-VIEW	78-121282	4/12/2002
TRUE-TRACK	78-121284	4/12/2002
SMART CHOICE	78-381444	3/08/2002
(Design Only)	75-520148	7/16/1998
DIASURE	75-520146	7/16/1998
PRESTIGE TLC	75-048143	1/25/1996
LIPOSCAN	73-802117	5/23/1989

## INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, this "IP Security Agreement") dated September 3, 2002, is made by HOME DIAGNOSTICS, INC., a Delaware corporation (the "Debtor"), in favor of ALBION ALLIANCE MEZZANINE FUND II, L.P., as agent for and representative of the Noteholders (the "Collateral Agent").

WHEREAS, the Debtor has entered into a Senior Secured Subordinated Note and Warrant Purchase Agreement dated as of September 3, 2002 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Note Purchase Agreement"), with the Collateral Agent, and the Noteholders from time to time parties thereto.

WHEREAS, as a condition precedent to the consummation of the transactions contemplated by the Note Purchase Agreement, the Debtor has executed and delivered that certain Security Agreement made by the Debtor in favor of the Collateral Agent dated as of September 3, 2002 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, the Debtor has granted a security interest in, among other property, certain intellectual property of the Debtor to the Collateral Agent, it being understood all rights of the Collateral Agent are subject to the prior right of the Senior Lender (as provided for in the Security Agreement); and

WHEREAS, pursuant to the Security Agreement the Debtor has agreed to execute this IP Security Agreement covering such intellectual property for recording with the U.S. Patent and Trademark Office, the United States Copyright Office and other governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor agrees as follows:

SECTION 1. Grant of Security. The Debtor hereby grants to the Collateral Agent a security interest in and to all of the Debtor's right, title and interest in and to the following (the "Collateral"):

(i) The United States patents, patent applications and patent licenses set forth in Schedule A hereto (as such Schedule A may be supplemented from time to time by supplements to the Security Agreement and this IP Security Agreement, each such supplement being in substantially the form of Appendix A hereto (an "IP Security Agreement Supplement"), executed and delivered by such Debtor to the Collateral Agent from time to time), together with all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof, and all rights therein provided by international treaties or conventions (the "Patents");

(ii) The United States trademark and service mark registrations, applications, and licenses set forth in Schedule B hereto (as such Schedule B may be supplemented from time to time by IP Security Agreement Supplements executed and delivered by the Debtor to the Collateral Agent from time to time), (the “Trademarks”);

(iii) The copyrights, United States copyright registrations and applications and copyright licenses set forth in Schedule C hereto (as such Schedule C may be supplemented from time to time by IP Security Agreement Supplements executed and delivered by the Debtor to the Collateral Agent from time to time) (the “Copyrights”);

(iv) any and all claims for damages for past, present and future infringement, misappropriation or breach with respect to the Patents, Trademarks and Copyrights, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages; and

(v) any and all proceeds of the foregoing.

SECTION 2. Recordation. The Debtor authorizes and requests that the Register of Copyrights, the Commissioner of Patents and Trademarks and any other applicable government officer record this IP Security Agreement.

SECTION 3. Execution in Counterparts. This IP Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 4. Grants, Rights and Remedies. This IP Security Agreement has been entered into in conjunction with the provisions of the Security Agreement. The Debtor does hereby acknowledge and confirm that the grant of the security interest hereunder to, and the rights and remedies of, the Collateral Agent with respect to the Collateral are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated herein by reference as if fully set forth herein. Without limiting, and in furtherance of the foregoing, reference is made to Section 27 of the Security Agreement which provides that the security interest and liens granted thereunder and hereunder, and the rights and remedies of the Collateral Agent and the other Secured Parties thereunder and hereunder, are subject to the terms of the Senior Credit Subordination Agreement. In the event of any conflict between the terms and provisions of this Agreement and the Senior Credit Subordination Agreement, the terms and provisions of the Senior Credit Subordination Agreement shall govern and control.

IN WITNESS WHEREOF, the Debtor has caused this IP Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**HOME DIAGNOSTICS, INC.**

By: *JR Dameron Jr*  
Name: *JR Dameron Jr*  
Title: *President & CEO*

Address for Notices:

2400 N.W. 55th Ct.  
Ft. Lauderdale, FL 33309  
Attention: Chief Executive Officer  
Telecopier No.: (954) 332-2195

*with a copy to:*

Satterlee Stephens Burke & Burke LLP  
230 Park Avenue  
New York, NY 10169  
Attention: Albert Byer  
Telecopy No.: (212) 818-9606

## FORM OF INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT (this "IP Security Agreement Supplement") dated \_\_\_\_\_, \_\_\_\_ is made by the person listed on the signature page hereof (the "Debtor") in favor of ALBION ALLIANCE MEZZANINE FUND II, L.P. (the "Collateral Agent").

WHEREAS, the Debtor has entered into a Note Purchase Agreement dated as of September 3, 2002 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Note Purchase Agreement"), with the Collateral Agent, and the Noteholders from time to time parties thereto. Terms defined in the Note Purchase Agreement and not otherwise defined herein are used herein as defined in the Note Purchase Agreement.

WHEREAS, as a condition precedent to the consummation of the transactions contemplated by the Note Purchase Agreement, the Debtor has executed and delivered that certain Security Agreement made by the Home Diagnostics, Inc. and any other Additional Debtors parties thereto to the Collateral Agent dated as of September 3, 2002 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"). To create a short form version of the Security Agreement covering certain intellectual property of the Debtor and such other Persons for recording with the U.S. Patent and Trademark Office, the United States Copyright Office, and other governmental authorities, the Debtor has executed and delivered that certain Intellectual Property Security Agreement made by the Debtor to the Collateral Agent dated September 3, 2002 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "IP Security Agreement").

WHEREAS, under the terms of the Security Agreement and the IP Security Agreement, the Debtor has granted a security interest in the Additional Collateral (as defined in Section 1 below) of the Debtor to the Collateral Agent and has agreed as a condition thereof to execute this IP Security Agreement Supplement for recording with the U.S. Patent and Trademark Office, the United States Copyright Office and other governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor agrees as follows:

SECTION 1. Confirmation of Grant of Security. The Debtor hereby acknowledges and confirms the grant of a security interest to the Collateral Agent under the Security Agreement and the IP Security Agreement in and to all of the Debtor's right, title and interest in and to the following (the "Additional Collateral"):

- (i) The United States patents, patent applications, and patent licenses set forth in Schedule A hereto, together with all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof, and all rights therein provided by international treaties or conventions (the "Patents");

(ii) The United States trademark and service mark registrations, applications, and licenses set forth in Schedule B hereto (the "Trademarks");

(iii) The copyrights, associated United States copyright registrations and applications-, and copyright licenses set forth in Schedule C hereto (the "Copyrights");

(iv) any and all claims for damages for past, present and future infringement, misappropriation or breach with respect to the Patents, Trademarks and Copyrights, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages; and

(v) any and all proceeds of the foregoing.

SECTION 2. Supplement to Security Agreement and IP Security Agreement.

Schedule C, D and E to the Security Agreement and Schedule[s] [A,] [B and] [C] to the IP Security Agreement are each, effective as of the date hereof, hereby supplemented to add to such Schedules the Additional Collateral.

SECTION 3. Recordation. The Debtor authorizes and requests that the Register of Copyrights, the Commissioner of Patents and Trademarks and any other applicable government officer to record this IP Security Agreement.



IN WITNESS WHEREOF, the Debtor has caused this IP Security Agreement Supplement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

[NAME OF DEBTOR]

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

Name:

Title:

Address for Notices:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SCHEDULE A  
to  
INTELLECTUAL PROPERTY  
SECURITY AGREEMENT

LIST OF MARKS

TRADEMARK	APPLICATION/REGISTRATION NUMBER	SERIAL/REGISTRATION DATE
DIALET	1457313	9/15/1987
DIASCAN	1888174	4/11/1995
PRESTIGE LITE TOUCH	2539666	2/19/2002
PRESTIGE PERFORMANCE AND DESIGN	75-715697	5/28/1999
PRESTIGE SMART SYSTEM AND DESIGN	76-091568	7/19/2000
PRESTIGE SMART SYSTEM	76-092197	7/19/2000
LITE TOUCH	76-091569	7/19/2000
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PRESTIGE IQ	76-150528	10/18/2000
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TRUETRACK SMART SYSTEM	78-129250	5/16/2002
TRUETRACK SMART SYSTEM	78-129339	5/16/2002
ZIP-CHIP	78-122352	4/17/2002

ZIP-STRIP	78-122349	4/17/2002
TRACK-EASE	78-121286	4/12/2002
TRUE-VIEW	78-121282	4/12/2002
TRUE-TRACK	78-121284	4/12/2002
SMART CHOICE	78-381444	3/08/2002
(Design Only)	75-520148	7/16/1998
DIASURE	75-520146	7/16/1998
PRESTIGE TLC	75-048143	1/25/1996
LIPOSCAN	73-802117	5/23/1989

SCHEDULE B  
to  
INTELLECTUAL PROPERTY  
SECURITY AGREEMENT

LIST OF PATENTS AND APPLICATIONS

TITLE	SERIAL/PATENT NO.	APPLICATION NO.	FILING/ISSUE DATE
Combined portable cardiac and respiratory monitor	D315,210		3/05/1991
Assay kit including an analyte test strip and a color comparator; aperture through each of the color fields	4,877,580		10/31/1989
Portable belt monitor of physiological functions and sensors therefor	4,889,131		12/26/1989
Test strip and fixture; portable, disposable, self-test analytical fixture conducting analysis of serums	4,790,979		12/13/1998
A dry reagent delivery system with membrane having porosity gradient; analyzing, immunoassay, indicators	4,774,192		9/27/1988
Diagnostic Test Strip; multilayer strip of support with screen and membranes	5,296,192		3/22/1994
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	6,284,550		9/04/2001
Diagnostic sanitary test strip; a test strip with an upper support strip with a	6,040,195		3/21/2000

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			
Blood fluid characteristics analysis instrument	5,995,236		11/30/1999
Blood Fluid Characteristics Analysis Instrument	6,201,607		3/13/2001
Improved Method of Strip Insertions Detection		09/794,037	2/28/2001
Protective Test Strip Platform		09/448,711	11/24/1999
Modem Capable of Uploading Data from Diagnostic Meter		09/512,919	02/25/2000
Diagnostic Sanitary Test Strip		09/984,948	10/31/2001
Diagnostic Sanitary Test Strip		09/939,834	8/28/2001
Spectral Curve Analysis Method and Apparatus		09/794,044	2/28/2001
Algorithm for Analyte Testing Apparatus		09/794,045	2/28/2001
Smart Key		60/375,017	4/25/2002
Potentiometric Test Strip Identification		60/375,019	4/25/2002
Four Electrode Biosensor with Auto-On		60/375,020	4/25/2002
Biosensor Layout and Method of Manufacture		60/375,054	4/25/2002

SCHEDULE C  
to  
INTELLECTUAL PROPERTY  
SECURITY AGREEMENT

LIST OF COPYRIGHTS AND APPLICATIONS

A. REGISTERED COPYRIGHTS

No Registered Copyrights

B. COPYRIGHT APPLICATIONS

No Copyright Applications