

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	SECURITY INTEREST
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Hat World, Inc.		12/01/2006	CORPORATION: MINNESOTA

RECEIVING PARTY DATA

Name:	Bank of America, N.A.
Street Address:	40 Broad Street
City:	Boston
State/Country:	MASSACHUSETTS
Postal Code:	02109
Entity Type:	national banking association: UNITED STATES

PROPERTY NUMBERS Total: 11

Property Type	Number	Word Mark
Registration Number:	2335089	HAT WORLD
Registration Number:	2264964	HW HAT WORLD
Registration Number:	2434043	L
Registration Number:	2718326	L
Registration Number:	2174170	LIDS
Registration Number:	2219864	LIDS
Registration Number:	2456310	LIDS CARD
Serial Number:	78852686	LIDS KIDS
Serial Number:	78854858	LIDS KIDS
Registration Number:	2304741	ULTIMATE LIDS HEADGEAR
Registration Number:	1948751	THE HAT ZONE

CORRESPONDENCE DATA

Fax Number: (212)969-2900

*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*

CH \$290.00 2335089

Phone: (212) 969-3000  
Email: trademark@proskauer.com  
Correspondent Name: Jenifer deWolf Paine  
Address Line 1: 1585 Broadway  
Address Line 2: Proskauer Rose LLP Trademark File Room  
Address Line 4: New York, NEW YORK 10036-8299

ATTORNEY DOCKET NUMBER:	14966-011 HAT WORLD
NAME OF SUBMITTER:	Jenifer deWolf Paine
Signature:	/Jenifer deWolf Paine/
Date:	12/04/2006

**Total Attachments: 5**  
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## TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (this "Trademark Security Agreement"), dated December 1, 2006, by HAT WORLD, INC., a Minnesota corporation (the "Debtor"), in favor of BANK OF AMERICA, N.A., as collateral agent (the "Collateral Agent"), for the benefit of the Secured Parties, pursuant to the agreement titled Amended and Restated Security Agreement and dated as of the date hereof (the "Security Agreement").

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

WHEREAS, prior to the date of this Trademark Security Agreement, the Lead Borrower, on the one hand, and Bank of America, N.A., as Administrative Agent thereunder, and the Lenders on the other hand, previously entered into the Existing Credit Agreement pursuant to which the Lenders provided the Lead Borrower with certain financial accommodations to which the Lead Borrower and the Other Borrowers (other than Flagg Bros. of Puerto Rico, Inc.) were jointly and severally liable to the Administrative Agent and the Lenders for the Existing Obligations pursuant to the terms of the Existing Credit Agreement and the other Existing Financing Agreements;

WHEREAS, prior to the date of this Trademark Security Agreement, in connection with the Existing Financing Agreements, the Debtor and Bank of America, N.A. as Administrative Agent thereunder were parties to the Existing Security and Pledge Agreement;

WHEREAS, by this Trademark Security Agreement, Debtor desires to acknowledge and reaffirm the Existing Liens and acknowledge that the Existing Liens are continuing valid and enforceable first priority perfected Liens in favor of the Collateral Agent, for the benefit of the Secured Parties, under the Existing Security and Pledge Agreement (as modified and restated thereby), in order to secure the Obligations; and

WHEREAS, the Debtor is party to the Security Agreement in favor of the Collateral Agent pursuant to which the Debtor is required to execute and deliver this Trademark Security Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Secured Parties to enter into the Credit Agreement, the Debtor hereby agrees with the Collateral Agent as follows:

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

SECTION 2. Grant of Security Interest in Trademark Collateral. The Debtor hereby pledges and grants to the Collateral Agent, for the benefit of the Secured Parties, a lien on and security interest in and to all of its right, title and interest in, to and under all the following collateral of the Debtor (collectively, the "Trademark Collateral"):

- (a) Trademarks of the Debtor listed on Schedule 1 attached hereto;
- (b) all goodwill associated with such Trademarks; and
- (c) all proceeds of any and all of the foregoing.

SECTION 3. Security Agreement. The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement, and the Debtor hereby

acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Collateral Agent shall otherwise determine.

SECTION 4. Termination. Upon the full payment and performance of the Obligations (excluding Obligations in respect of Hedging Agreements but including contingent or indemnity obligations that the Administrative Agent reasonably believes are likely to arise or be asserted, as provided in Section 9.16(b) of the Credit Agreement), upon the reasonable request of the Debtor, the Collateral Agent shall execute, acknowledge, and deliver to the Debtor an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien and security interest in the Trademark Collateral under this Trademark Security Agreement.

SECTION 5. Execution in Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

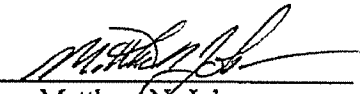
SECTION 6. Reaffirmation. Effective as of the date hereof, Debtor hereby acknowledges and reaffirms the Existing Liens and acknowledges that the Existing Liens are continuing valid and enforceable first priority perfected Liens in favor of the Collateral Agent, for the benefit of the Secured Parties, under the Existing Security and Pledge Agreement, as modified and restated thereby, in order to secure the Obligations. Debtor hereby confirms and agrees that such Liens are hereby ratified and confirmed in all respects in favor of the Collateral Agent, for the benefit of the Secured Parties, which shall remain in full force and effect, except as amended, restated, replaced and superseded hereby or by instruments executed in connection herewith. This Trademark Security Agreement does not discharge or release the Liens or first priority therefor, which shall continue, as modified and restated by the Security Agreement and other Loan Documents, without interruption and in full force and effect. Debtor hereby confirms and agrees that the Existing Security and Pledge Agreement and each other Existing Financing Agreement (excluding any deed of trust, mortgage or similar instrument encumbering Real Estate) to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, in each case as amended, restated, replaced and superseded hereby or by instruments executed in connection herewith, except that on and after the Closing Date all references in any such Existing Financing Agreement to "the Security Agreement", "thereto", "thereof" "thereunder" or words of like import referring to the Existing Security and Pledge Agreement shall mean the Existing Security and Pledge Agreement as amended, restated, replaced and superseded by the Security Agreement and the Pledge Agreements.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

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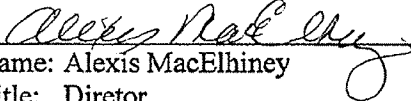
IN WITNESS WHEREOF, the Debtor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

HAT WORLD, INC.

By   
Name: Matthew M. Johnson  
Title: Vice President and Treasurer

Accepted and Agreed:

BANK OF AMERICA, N.A., as Collateral Agent

By:   
Name: Alexis MacElhiney  
Title: Director

[TRADEMARK SECURITY AGREEMENT – HAT WORLD, INC.]

**TRADEMARK**  
**REEL: 003437 FRAME: 0694**

**HAT WORLD, INC.**

**SCHEDULE 1**

**to**

**TRADEMARK SECURITY AGREEMENT**

**Trademarks (United States)**

MARK	APP. NO.	APP. DATE	REG. NO.
HAT WORLD	75605166	Dec 14, 1998	2335089
HAT WORLD (and HW design)	75517097	Jul 10, 1998	2264964
L AND CIRCLE DESIGN	75626873	Jan 25, 1999	2434043
L AND CIRCLE DESIGN	75725787	Jun 9, 1999	2718326
LIDS (stylized)	75038718	Dec 29, 1995	2174170
LIDS (stylized)	75038863	Dec 29, 1995	2219864
LIDS CARD	75788354	Aug 30, 1999	2456310
LIDS KIDS	78852686	Apr 3, 2006	Pending
LIDS KIDS (and design)	78854858	Apr 5, 2006	Pending
LIDS ULTIMATE HEADGEAR (and design)	75425771	Jan 29, 1998	2304741
THE HAT ZONE (and design)	74623453	Jan 20, 1995	1948751

**Trademarks (Foreign)**

MARK	COUNTRY	APP. NO.	APP. DATE	REG. NO.
CAP CONNECTION	Canada	1308411	Jul 10, 2006	
LIDS	Canada	1187891	Aug 21, 2003	Pending
LIDS FOR KIDS	Canada	795486	Oct 25, 1995	467892
L AND CIRCLE DESIGN	European Community (OHIM)	1248970	Jul 21, 1999	1248970
LIDS	European Community (OHIM)	1659572	May 17, 2000	1659572
LIDS	European Community (OHIM)	000251512	May 9, 1996	000251512
LIDS (L and design)	European Community (OHIM)	1249184	Jul 21, 1999	1249184
LIDS	Mexico	801261	Aug 18, 2006	Pending
LIDS	Mexico	801262	Aug 18, 2006	Pending
HATWORLD (and design)	Republic of Korea	4520030002280	Jun 25, 2003	11413
LIDS	Republic of Korea	4520030002281	Jun 25, 2003	11414
LIDS	United Kingdom	2039197	Sep 29, 1995	2039197