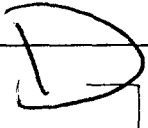


07-18-2000

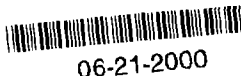


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U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK



06-21-2000

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RET

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other Collateral Assignment

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name Consoltex Inc.

03-19-96

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization New Brunswick, Quebec, Canada

Receiving Party

Mark if additional names of receiving parties attached

Name Bank of America, N.A., as Agent

DBA/AKA/TA (formerly known as NationsBank, National Association, as Agent)

Composed of

Address (line 1) Independence Center, 15th Floor

Address (line 2)

Address (line 3) Charlotte North Carolina, USA 28255
City State/Country Zip Code

- Individual General Partnership Limited Partnership
- Corporation Association
- Other National Banking Association
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

07/14/2000 ASCOTT 00000120 1582613

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 175.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK

REEL: 002105 FRAME: 0250

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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See EXHIBIT A attached hereto and incorporated herein.

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

C. Suzanne Crawford

Name of Person Signing



Signature

June 9, 2000

Date Signed

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of this 19th day of March, 1996 by **CONSOLTEX GROUP INC.**, a corporation incorporated under the laws of Canada having its principal place of business on the date of this Agreement in Ville Saint-Laurent, Québec, Canada, ("Consoltex Group"), **CONSOLTEX INC.**, a corporation incorporated under the laws of Québec having its principal place of business on the date of this Agreement in Ville Saint-Laurent, Québec, Canada ("Consoltex"), **CONSOLTEX (USA) INC.**, a New York corporation having its principal place of business on the date of this Agreement in New York, New York ("Consoltex USA"), **THE BALSON-HERCULES GROUP LTD.**, a Rhode Island corporation having its principal place of business on the date of this Agreement in New York, New York ("Balson-Hercules"), **LINQ INDUSTRIAL FABRICS, INC.**, a Delaware corporation having its principal place of business on the date of this Agreement in Summerville, South Carolina ("LINQ"), **CONSOLTEX INTERNATIONAL INC.**, a New York corporation having its principal place of business on the date of this Agreement in New York, New York ("Consoltex International") (collectively the "Grantors" and each a "Grantor"), to **NATIONSBANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States having its principal office in Charlotte, North Carolina ("NationsBank"), as collateral agent (in such capacity, the "Collateral Agent") for the benefit of (i) itself, (ii) National Bank of Canada, a bank governed by the *Bank Act (Canada)*, having its head office in Montréal, Québec, Canada as agent for the Canadian Facilities Lenders (as defined in the Credit Agreement) (in such capacity, the "Canadian Agent"), (iii) NationsBank, as agent for the US Facility Lenders (as defined in the Credit Agreement) (in such capacity, the "US Agent") and (iv) each of the lenders now or hereafter party to the Credit Agreement (the "Lenders" and collectively with the Collateral Agent, the US Agent, the Canadian Agent and each of the Lenders, the "Secured Parties" and each a "Secured Party"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Credit Agreement;

W I T N E S S E T H:

WHEREAS, the US Agent, Canadian Agent and the Lenders have agreed to provide and make available to Consoltex Group, Consoltex, Consoltex USA, Balson-Hercules, LINQ and Consoltex Mexico S.A. de C.V., a Mexican corporation ("Consoltex Mexico" and collectively, together with Consoltex Group, Consoltex, Consoltex USA, Balson-Hercules and LINQ, the "Borrowers" and each individually, a "Borrower"), the Canadian Revolving Credit Facility, the Canadian Term Loan Facility, the US Revolving Credit Facility and US Term Loan Facility (as such terms are defined in that certain Credit Agreement by and among the Borrowers, the US Agent, the Canadian Agent and the Lenders dated as of the date hereof as from time to

time amended, modified or supplemented (the "Credit Agreement"); and

WHEREAS, each Grantor is either a Borrower or a Subsidiary of a Borrower and will materially benefit from the loans and advances made and to be made, and the letters of credit issued and to be issued, under the Credit Agreement, and each Grantor is willing to enter into this Agreement to provide an inducement for the US Agent, the Canadian Agent and the Lenders to make loans and advances, and to issue letters of credit, thereunder; and

WHEREAS, each Grantor, along with Consoltex Mexico, Rafytek, S.A. de C.V. ("Rafytek") and Rafytica, S.A. ("Rafytica") has entered into that certain Guaranty Agreement (the "Guaranty Agreement") of even date herewith pursuant to which each Grantor has guaranteed payment of the Obligations of the Borrowers under the Credit Agreement; and

WHEREAS, as collateral security for payment of its obligations under the Guaranty Agreement, the Credit Agreement and the other Loan Documents, and any Hedge Agreements to which such Grantor and a Lender is a party, as applicable, each Grantor is willing to grant to the Collateral Agent for the benefit of the Secured Parties a security interest in certain of its personal property and assets; and

WHEREAS, pursuant to the terms and conditions of the Credit Agreement, the Grantors are each required to deliver this Agreement to the Collateral Agent for the benefit of the Secured Parties.

NOW, THEREFORE, in order to induce the Secured Parties to enter into the Loan Documents and in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. **Grant of Security Interest.** As collateral security for the payment and satisfaction of all obligations and liabilities of such Grantor under the Credit Agreement, the Guaranty Agreement, any of the Loan Documents and/or any Hedge Agreements, as applicable, (collectively, the "Secured Obligations"), each Grantor hereby pledges and collaterally assigns to the Collateral Agent for the benefit of the Secured Parties and grants to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in and to all of the following property of such Grantor, whether now owned or existing or hereafter acquired or arising and wheresoever located:

(a) All accounts, accounts receivable, contracts, notes, bills, acceptances, choses in action, chattel paper, instruments, documents and other forms of obligations at any time owing to such Grantor arising out of goods sold or leased or for services rendered by such Grantor, the proceeds thereof

and all of such Grantor's rights with respect to any goods represented thereby, whether or not delivered, goods returned by customers and all rights as an unpaid vendor or lienor, including rights of stoppage in transit and of recovering possession by proceedings including replevin and reclamation, together with all customer lists, books and records, ledger and account cards, computer tapes, software, disks, printouts and records, whether now in existence or hereafter created, relating thereto (collectively referred to hereinafter as "Accounts"); provided, however, that notwithstanding the foregoing, the term "Accounts" shall not include any accounts, contracts, notes, bills, acceptances, documents or other obligations that have been sold by any Grantor to NationsBank Commercial Corporation, Trust Company Bank, Midlantic Commercial Co. or Heller Financial Corp. (collectively, the "Factors"), in connection with the factoring of the related receivables, and shall not include any contract rights or general intangibles created by such Excluded Accounts, documents or instruments evidencing any Excluded Accounts, returned goods the sale of which has given rise to such Excluded Accounts, or chattel paper, deposits, cash or other property in any Factor's possession related to such Excluded Accounts (collectively referred to hereinafter as the "Excluded Accounts");

(b) All inventory of such Grantor wherever located in Canada, the United States of America and any state, district, territory, province or other political subdivision thereof, including without limitation, all goods manufactured or acquired for sale or lease (other than any such goods constituting Excluded Accounts), and any piece goods, raw materials, work in process and finished merchandise (other than any such merchandise constituting Excluded Accounts), findings or component materials, and all supplies, goods, incidentals, office supplies, packaging materials and any and all items used or consumed in the operation of the business of such Grantor or which may contribute to the finished product or to the sale, promotion and shipment thereof, in which such Grantor now or at any time hereafter may have an interest, whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of such Grantor or is held by such Grantor or by others for such Grantor's account (collectively referred to hereinafter as "Inventory");

(c) All machinery, equipment, motor vehicles, parts, supplies, apparatus, appliances, tools, patterns, molds, dies, blueprints, fittings, furniture, furnishings, fixtures and other goods of such Grantor (not otherwise referred to in clauses (a), (b) or (d) through (g) of this Section 1) of every description now or hereafter owned by such Grantor or in which such Grantor may have or may hereafter acquire any interest, at any location (collectively referred to

hereinafter as "Equipment"); provided, however, that, notwithstanding the foregoing, the term "Equipment" shall not include any item identified on Schedule V attached hereto or any other item of machinery, equipment, or other types of personal property constituting Equipment to the extent that such item of machinery, equipment or other property is encumbered by a lien or security interest otherwise permitted under Section 11.4 of the Credit Agreement in favor of any Person other than a Secured Party if, and for so long as, the documents or agreements creating such lien or security interest prohibit the granting of a lien and security interest created under this Agreement on such item of machinery, equipment or other property (collectively referred to hereinafter as the "Excluded Equipment");

(d) All general intangibles of such Grantor, now existing or hereafter owned or acquired or arising or in which such Grantor now has or hereafter acquires any rights, including but not limited to, causes of action, corporate or business records, inventions, designs, goodwill, trade secrets, trade processes, licenses (other than Patent Licenses, Trademark Licenses or Copyright Licenses), permits, franchises, customer lists, computer programs, all claims under guaranties, tax refund claims, rights and claims against carriers and shippers, leases, claims under insurance policies, all rights to indemnification and all other intellectual property (not otherwise described in clauses (e) through (j) of this Section 1) of every kind and nature (collectively referred to hereinafter as "General Intangibles"); provided, however, that, notwithstanding the foregoing, the term "General Intangibles" shall not include any permit, license, franchise, claim or other general intangible (or any subsequent renewals, extensions or replacements thereof) for which the granting of a security interest therein is prohibited by applicable law or by any agreement or arrangement pursuant to which such permit, license, franchise, claim or other general intangible has been granted to any Grantor (collectively referred to hereinafter as the "Excluded General Intangibles");

(e) All of such Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States, Canadian and other patents and patent applications (including without limitation the patents and patent applications identified on Schedule I attached hereto and incorporated herein by reference) and including the right to recover for all past, present and future infringements thereof and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto (collectively, the "Patents"); provided, however, that

notwithstanding the foregoing, the term "Patents" shall not include any patent, or patent application (or any reissue, division, continuation, continuation-in-part, substitute, renewal or extension thereof) for which the granting of a security interest therein is prohibited by applicable law or by any agreement or arrangement pursuant to which such patent or patent application has been granted to any Grantor (collectively referred to hereinafter as the "Excluded Patents");

(f) All of such Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all license agreements regarding Patents with any other party, whether such Grantor is a licensor or a licensee under any such license agreement (including without limitation the licenses identified on Schedule II attached hereto and incorporated herein by reference) (collectively, the "Patent Licenses" and together with the Patents, the "Patent Collateral"); provided, however, that, notwithstanding the foregoing, the term "Patent Licenses" shall not include (i) Contract No. 0895-5065 dated August 1, 1995, between LINQ and E.I. du Pont de Nemours and Company (the "DuPont Patent License") or (ii) any other license agreement regarding Patents (or any subsequent renewals, extensions or replacements thereof) for which the granting of a security interest in such license agreement is prohibited by applicable law or by any agreement or arrangement pursuant to which such license agreement has been granted to any Grantor (collectively referred to hereinafter as the "Excluded Patent Licenses");

(g) All United States, Canadian and other trademarks, trade names, trade dress, service marks, trademark and service mark registrations, and applications for trademark or service mark registration and any renewals thereof (including without limitation each trademark, trade name, trade dress, registration and application identified in Schedule III attached hereto and incorporated herein by reference) and including all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto (including without limitation damages for past or future infringements thereof), the right to sue or otherwise recover for all past, present and future infringements thereof, all rights corresponding thereto throughout the world (but only such rights as now exist or may come to exist under applicable local law) and all other rights of any kind whatsoever of each Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark and service mark (collectively, the "Trademarks"); provided, however, that, notwithstanding the foregoing, the term "Trademarks" shall not include any trademark, trade dress, service mark, trademark or service mark registration, or application for

trademark or service mark registration or any renewal thereof, for which the granting of a security interest therein is prohibited by applicable law or by any agreement or arrangement pursuant to which such trademark, trade dress, service mark, trademark or service mark registration, or application for registration or renewal has been granted to any Grantor (collectively referred to hereinafter as the "Excluded Trademarks")'

(h) All license agreements regarding Trademarks with any other party, whether such Grantor is a licensor or licensee under any such license agreement (including without limitation the licenses listed on Schedule IV attached hereto and incorporated herein by reference) (collectively, the "Trademark Licenses", and together with the Trademarks, the "Trademark Collateral"); provided, however, that, notwithstanding the foregoing, the term "Trademark Licenses" shall not include any license agreement regarding Trademarks (or any subsequent renewals, extensions or replacements thereof) for which the granting of a security interest in such license agreement is prohibited by applicable law or by any agreement or arrangement pursuant to which such license agreement regarding Trademarks has been granted to any Grantor (collectively referred to hereinafter as the "Excluded Trademark Licenses");

(i) All United States, Canadian and other copyrights and copyright applications (including without limitation the copyrights and copyright applications identified on Schedule VI hereto) and including the right to recover for all past, present and future infringements thereof and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively referred to hereinafter as the "Copyrights"); provided, however, that, notwithstanding the foregoing, the term "Copyrights" shall not include any copyright, or copyright application (or any reissue, division, continuation, continuation-in-part, substitute, renewal or extension thereof) for which the granting of a security interest therein is prohibited by applicable law or by an agreement or arrangement pursuant to which such copyright or copyright application has been granted to any Grantor (collectively referred to hereinafter as the "Excluded Copyrights");

(j) All license agreements regarding Copyrights with any other party, whether the Grantor is a licensor or licensee under any such license agreement (including without limitation the licenses listed on Schedule VII hereto) (collectively, the "Copyright Licenses," and together with the Copyrights, the "Copyright Collateral,") (the Patent Licenses, the Trademark

Licenses and the Copyright Licenses are referred to collectively as the "Licenses"); provided, however, that notwithstanding the foregoing, the term "Copyright Licenses" shall not include any license agreement regarding Copyrights (or any subsequent renewals, extensions or replacements thereof) for which the granting of a security interest in such license agreement is prohibited by applicable law or by any agreement or arrangement pursuant to which such license agreement regarding Copyrights has been granted to any Grantor (collectively referred to herein as the "Excluded Copyright Licenses");

(k) All rights now or hereafter arising to the Grantor, under factoring contracts, agreements or arrangements, including without limitation all rights to amounts due from factors, or under other contracts, leases, agreements or other instruments to perform services, to hold and use land and facilities, and to enforce all rights thereunder (collectively referred to hereinafter as "Contract Rights"); provided, however, that, notwithstanding the foregoing, the term "Contract Rights" shall not include (i) any rights of any party other than the Grantor in any contract, agreement or instrument evidencing the Excluded Accounts, or (ii) any contract, lease, agreement or other instrument, to the extent that the assignment of such contract, lease, agreement or other instrument or the creation of a security interest therein is prohibited by the terms of such contract, lease, agreement or other instrument, in each case as such terms are set forth in such contract, lease, agreement or other instrument on the date hereof (and, if set forth therein on the date hereof, then in any subsequent renewals, extensions or replacements thereof), and only until such time as such prohibition of assignment or of the creation of such security interest is no longer in effect (collectively referred to hereinafter as the "Excluded Contract Rights");

(l) All instruments, promissory notes, evidences of indebtedness, writings which evidence a right to the payment of money or any other obligations at any time owing to such Grantor or any successor thereto at any time and from time to time acquired by such Grantor in any manner, the proceeds thereof and all of such Grantor's rights with respect thereto, whether now in existence or hereafter created (collectively referred to hereinafter as the "Instruments"); provided, however, that, notwithstanding the foregoing, the term "Instruments" shall not include (i) any rights of any party other than the Grantor in any instrument, note, writing or other obligation evidencing the Excluded Accounts, or (ii) any instrument, note, writing or other obligation, to the extent that the assignment of such instrument, note, writing or other obligation or the creation of the security interest therein is prohibited by the terms of such instrument, note, writing or

other obligation, in each case as such terms are set forth in such instrument, note, writing or other obligation on the date hereof (and, if set forth therein on the date hereof, then in any subsequent renewals, extensions or replacements thereof), and only until such time as such prohibition of assignment or of the creation of such security interest is no longer in effect (collectively referred to hereinafter as the "Excluded Instruments" and, together with all Excluded Accounts, Excluded Equipment, Excluded General Intangibles, Excluded Patents, Excluded Patent Licenses, Excluded Trademarks, Excluded Trademark Licenses, Excluded Copyrights, Excluded Copyright Licenses, Excluded Contract Rights, and the LC Account and the Cash Collateral Account (as defined in each of the Cash Collateral Agreements) and the Pledged Stock (as defined in each of the Pledge Agreements), the "Excluded Property");

(m) All monies, residues and property of any kind, now or at any time or times hereafter, in the possession or under the control of the Collateral Agent or any of the Secured Parties or a bailee of the Collateral Agent or any of the Secured Parties (other than any Excluded Property);

(n) All other property hereafter delivered to such Grantor in substitution for or in addition to any of the Collateral (as hereinafter defined), all writings, certificates and instruments representing or evidencing such Collateral (other than any Excluded Property) and all cash, interest, rights, and other property at any time and from time to time declared or distributed in respect of or in exchange for any or all of the Collateral;

(o) All books and records relating to any of the Collateral (as hereinafter defined) (including without limitation, customer data, credit files, computer programs, printouts, and other computer materials and records of such Grantor pertaining to any of the Collateral); and

(p) All accessions to, substitutions for and all replacements, products and proceeds of the Collateral, including without limitation proceeds of insurance policies insuring the Collateral and all other claims in any way relating to any of the Collateral.

All of the property and interests in property described in subsections (a) through (p) above (other than Excluded Property) are herein collectively referred to hereinafter as the "Collateral."

2. **Representation, Warranty and Covenant as to Excluded Property.** Each Grantor hereby represents, warrants and covenants

that on the date hereof and at all times hereafter until the Secured Obligations have been Fully Satisfied:

No item of Excluded Property of such Grantor (individually or in the aggregate with the other Excluded Property of all Grantors on any date of determination) represents or will represent a material portion of the Collateral of all Grantors, except for:

(i) Excluded Accounts;

(ii) (x) Excluded Equipment identified on Schedule V attached hereto, or having an aggregate book value or fair market value (whichever is greater) of not in excess of US\$250,000 on the Closing Date, or (y) other Excluded Equipment acquired after the Closing Date, subject to liens permitted by Sections 11(g), 11(k) or 11(t) of the Credit Agreement;

(iii) governmental or regulatory permits, licenses, franchises, authorizations, approvals or registrations;
or

(iv) the DuPont Patent License.

3. **Collateral Assignment.** Each Grantor hereby agrees that upon or after the occurrence of an Acceleration Event, the use by the Collateral Agent of any of the Patents, Trademarks or Copyrights shall be without any liability for royalties or other related charges from the Collateral Agent to any Grantor. Each Grantor has delivered to the Collateral Agent an undated Assignment of Patents, Trademarks, Service Marks and Copyrights (the "Assignment of Patents, Trademarks, Service Marks and Copyrights") in substantially the form attached hereto as Exhibit C; and the Collateral Agent is hereby authorized to complete, date and file such Assignment of Patents, Trademarks, Service Marks and Copyrights with the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Register of Trademarks, the Canadian Register of Industrial Designs, the Canadian Registers of Copyrights, or any other applicable registry, at its election, upon or after the occurrence of an Acceleration Event.

4. **Financing Statements.** At the time of execution of this Agreement, each Grantor shall have furnished the Collateral Agent with properly executed financing statements and assignments as prescribed by the Uniform Commercial Code as presently in effect in the states where the Collateral is located, prepared and approved by the Collateral Agent in form and number sufficient for filing wherever required with respect to the Collateral, in order that the Collateral Agent, for the benefit of the Secured Parties, shall have a duly perfected security interest of record in the Collateral, to the extent a security interest in such Collateral

can be perfected by filing a financing statement, following the filing of such financing statements with the appropriate local and state governmental authorities, subject only to Permitted Liens. Each Grantor shall execute as reasonably required by the Collateral Agent any additional financing statements or other documents to effect the same, together with any necessary continuation statements so long as this Agreement remains in effect.

5. **Maintenance of Security Interest.** Each Grantor will, from time to time, upon the request of the Collateral Agent, deliver specific assignments of Collateral, together with such other instruments and documents, financing statements, amendments thereto, assignments or other writings as the Collateral Agent may reasonably request to carry out the terms of this Agreement or to protect or enforce the Collateral Agent's security interest in the Collateral.

With respect to any and all Collateral to be secured and conveyed under this Agreement, each Grantor agrees to do and cause to be done all things necessary to perfect and keep in full force the security interest granted in favor of the Collateral Agent for the benefit of the Secured Parties, including, but not limited to, the prompt payment of all fees and expenses incurred in connection with any filings made to perfect or continue a security interest in the Collateral in favor of the Collateral Agent for the benefit of the Secured Parties.

6. **Receipt of Payment.** If, upon or after the occurrence of an Acceleration Event, any Grantor (or any of its affiliates, subsidiaries, stockholders, directors, officers, employees or agents) shall receive any proceeds of Collateral consisting of monies, checks, notes, drafts or any other items of payment, such Grantor shall hold all such items of payment in trust for the Collateral Agent, for the benefit of the Secured Parties, and as the property of the Collateral Agent, for the benefit of the Secured Parties, separate from the funds of such Grantor, and no later than the first Business Day following the receipt thereof, such Grantor shall cause the same to be forwarded to the Collateral Agent for its custody and possession on behalf of the Secured Parties as additional Collateral.

7. **Collections; Collateral Agent's Right to Notify Account Debtors and Factors and to Endorse each Grantor's Name.** Each Grantor hereby authorizes the Collateral Agent, on behalf of the Secured Parties, at all times upon or after the occurrence of an Acceleration Event (a) to open such Grantor's mail and collect any and all amounts due to such Grantor from Persons obligated on any Accounts ("Account Debtors") or from any factors; (b) to take over such Grantor's post office boxes or make other arrangements as the Collateral Agent, on behalf of the Secured Parties, deems reasonably necessary to receive such Grantor's mail, including notifying the post office authorities to change the address for

delivery of such Grantor's mail to such address as the Collateral Agent, on behalf of the Secured Parties, may designate; and (c) to notify any or all Account Debtors (and any and all factors) that the Accounts (or amounts due to such Grantor from such factors, as the case may be) have been assigned to the Collateral Agent for the benefit of the Secured Parties and that Collateral Agent has a security interest therein for the benefit of the Secured Parties (provided that the Collateral Agent may at any time following the occurrence and during the continuation of an Event of Default give such notice to an Account Debtor that is a department, agency or authority of the United States government). The Collateral Agent shall promptly furnish each such Grantor with a copy of any such notice sent with respect to Accounts of such Grantor (or amounts due from factors to such Grantor) pursuant to clause (c) of this Section 7 and each such Grantor hereby agrees that any such notice, in the Collateral Agent's sole discretion, may be sent on such Grantor's stationery, in which event such Grantor shall co-sign such notice with the Collateral Agent.

8. **Covenants.** Each Grantor covenants with the Collateral Agent that from and after the date of this Agreement until termination hereof in accordance with Section 27 hereof:

(a) **Inspection.** The Collateral Agent (by any of its officers, employees and agents), on behalf of the Secured Parties, shall have the right (in addition to the rights under Section 10.7 of the Credit Agreement), if an Acceleration Event has occurred, to discuss such Grantor's affairs and finances with Account Debtors and to verify the amount, quality, value and condition of, or any other matter relating to, the Collateral or such Account Debtors. Upon or after the occurrence of an Acceleration Event, the Collateral Agent may at any time and from time to time employ and maintain on such Grantor's premises a custodian selected by the Collateral Agent who shall have full authority to do all acts necessary to protect the interest of the Collateral Agent (for the benefit of the Secured Parties). All out-of-pocket expenses incurred by the Collateral Agent, on behalf of the Secured Parties, by reason of the employment of such custodian shall be paid by such Grantor, added to the Secured Obligations and secured by the Collateral.

(b) **Assignments, Records and Schedules of Accounts.** Each Grantor shall keep accurate and complete records of its Accounts ("Account Records") and from time to time upon the reasonable request of the Collateral Agent such Grantor shall provide the Collateral Agent with a schedule of Accounts in form and substance reasonably acceptable to the Collateral Agent describing all Accounts created or acquired by such Grantor ("Schedule of Accounts"); provided, however, that any Grantor's failure to execute and deliver any such Schedule of Accounts shall not affect or limit the Collateral Agent's

security interest or other rights in and to any Accounts for the benefit of the Secured Parties. If requested by the Collateral Agent, each Grantor shall furnish the Collateral Agent with copies of proof of delivery and other documents relating to the Accounts so scheduled, including without limitation repayment histories and present status reports (collectively, "Account Documents") and such other matter and information relating to the status of then existing Accounts as the Collateral Agent shall reasonably request. No Grantor shall remove any Account Records or Account Documents or change its chief executive officer from the locations set forth in Exhibit A hereto without prior written notice as provided in Section 10 hereof.

(c) **Notice Regarding Disputed Accounts.** In the event any amounts due and owing in excess of US\$500,000 are in dispute between any Account Debtor and a Grantor (which shall include without limitation any dispute in which an offset claim or counterclaim may result), such Grantor shall provide the Collateral Agent with written notice thereof as soon as practicable, explaining in detail the reason for the dispute, all claims related thereto and the amount in controversy.

(d) **Safekeeping of Inventory.** Each Grantor shall be responsible for the safekeeping of its Inventory, and, subject to Section 19 hereof, in no event shall the Collateral Agent have any responsibility for:

(i) Any loss or damage to Inventory or destruction thereof occurring or arising in any manner or fashion from any cause;

(ii) Any diminution in the value of Inventory; or

(iii) Any act or default of any carrier, warehouseman, bailee or forwarding agency thereof or other Person in any way dealing with or handling Inventory.

(e) **Records and Schedules of Inventory.** Each Grantor shall keep accurate records itemizing and describing the kind, type, location and quantity of Inventory, its cost therefor and the selling price of Inventory held for sale, and the withdrawals therefrom and additions thereto. Each Grantor shall conduct a physical inventory, no less than annually (or at more frequent intervals if requested by the Collateral Agent, following the occurrence and during the continuation of an Event of Default), and shall furnish to the Collateral Agent promptly thereafter a current schedule of Inventory ("Schedule of Inventory") based upon its most recent physical inventory and its daily inventory records and such other documents and reports as the Collateral Agent shall reasonably request with respect to the Inventory.

(f) **Returns of Inventory.** If any Account Debtor returns any Inventory to a Grantor after shipment thereof, and such return generates a credit in excess of US\$500,000 in the aggregate on any Account or Accounts of such Account Debtor, such Grantor shall notify the Collateral Agent of the same as soon as practicable.

(g) **Further Assurances.**

(i) Each Grantor agrees that, should it have or obtain an ownership interest in any United States, Canadian or other patent or patent application that is not identified on Schedule I on the date hereof, or any United States, Canadian or other trademark, service mark, trademark or service mark registration, or application for trademark or service mark registration that is not on Schedule III on the date hereof, or any United States, Canadian or other copyright or copyright application that is not identified on Schedule VI on the date hereof: (i) the provisions of this Agreement shall automatically apply to such patent, patent application, trademark, service mark, trademark or service mark registration, application for trademark or service mark registration, or copyright or copyright application, and such patent, patent application, trademark, service mark, trademark or service mark registration, application for trademark or service mark registration or copyright or copyright application, shall automatically become part of the Patent Collateral or Trademark Collateral or Copyright Collateral (as the case may be) except to the extent any such property constitutes Excluded Property; and (ii) such Grantor shall (A) within 60 days after acquiring or becoming aware of such ownership interest, deliver to the Collateral Agent for attachment hereto revised schedules to this Agreement reflecting all such additional material Patent Collateral, Trademark Collateral or Copyright Collateral, and, if requested by the Collateral Agent, any other additional Patent Collateral, Trademark Collateral or Copyright Collateral, and (B) upon the occurrence and during the continuation of an Event of Default, to the extent requested by the Collateral Agent, prepare, execute and file in the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Register of Trade-marks, the Canadian Register of Industrial Designs, the Canadian Registers of Copyrights, or if appropriate in the equivalent agencies in any other countries, all documents that are known by such Grantor to be necessary or that the Collateral Agent, on behalf of the Secured Parties, reasonably requests in order to perfect the interest of the Collateral Agent, on behalf of the Secured Parties, in any such Collateral.

(ii) Each Grantor agrees to do each of the following, except to the extent not necessary in its reasonable business judgment to the continuing operations of such Grantor and provided that the failure to do the following would not be reasonably likely to have a Material Adverse Effect: (i) to take all necessary steps in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Intellectual Property Office or any similar office or agency in any other country or any political subdivision thereof or in any court, to maintain each material patent, registered trademark, service mark, trademark or service mark registration, copyright and license agreement, and to pursue each patent application or application for trademark or service mark registration or copyright application now or hereafter included in the Patent Collateral, Trademark Collateral, or Copyright Collateral, including the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition and infringement proceedings; and (ii) to take corresponding steps with respect to material unpatented inventions on which such Grantor is now or hereafter becomes entitled to seek patent protection; and with respect to each other material trademark, service mark, trademark or service mark registration, or material application for trademark or service mark registration or license agreement to which such Grantor is now or later becomes entitled.

(iii) Each Grantor agrees to notify the Collateral Agent promptly and in writing if it learns (i) that any material Patent, Trademark or Copyright is reasonably likely to be abandoned or dedicated or (ii) of any adverse determination (including without limitation the institution of any proceeding in the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Intellectual Property Office or the equivalent agencies in any other country or any court in which there is a reasonable likelihood of an adverse) regarding any material Patent Collateral, Trademark Collateral or Copyright Collateral.

(iv) Each Grantor shall continue to use reasonable and proper statutory notice in connection with its use of each registered trademark, service mark or copyright.

9. Warranties and Representations Regarding Collateral Generally. Each Grantor warrants and represents that it is and, except as permitted by the Credit Agreement, will continue to be

the owner of the Collateral hereunder, now owned and upon the acquisition of the same, free and clear of all Liens other than the security interest in favor of either Agent, the Collateral Agent or the Canadian Collateral Trustee for the benefit of the Secured Parties hereunder and under the other Security Instruments and other Permitted Liens, and that it will defend such Collateral and any products and proceeds thereof against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Secured Parties as and to the extent required hereunder or under any other Loan Document.

10. **Account Warranties and Representations.** With respect to its Accounts, each Grantor warrants and represents to the Collateral Agent for the benefit of the Secured Parties that all statements or representations made by such Grantor in any Schedule of Accounts prepared and delivered by it are correct in all material respects and that all Account Records and Account Documents are located and shall be kept only at such Grantor's locations as set forth on Exhibit A attached hereto and incorporated herein by reference or at such other locations as to which such Grantor has notified the Collateral Agent in writing not less than ten (10) Business Days prior to such relocation, and, unless otherwise indicated in writing by such Grantor, that:

(a) They are genuine, are in all respects what they purport to be, are not evidenced by chattel paper other than chattel paper that has been delivered to the Collateral Agent and if they are represented by instruments, such instruments have been delivered to the Collateral Agent if specifically requested;

(b) They cover bona fide sales and deliveries of Inventory usually dealt in by such Grantor, or the rendition by such Grantor of services, to an Account Debtor in the ordinary course of business or as permitted by the Credit Agreement;

(c) The amounts of the face value shown on any Schedule of Accounts provided to the Collateral Agent and/or all invoices and statements delivered to the Collateral Agent, with respect to any Account, are actually owing to such Grantor and are not contingent for any reason, except as disclosed on such Schedule of Accounts or such invoice or statement; and there are no setoffs, discounts, allowances, claims, counterclaims or disputes of any kind or description in an amount greater than US\$1,000,000 in the aggregate, or greater than US\$500,000 individually, existing or to the knowledge of each Grantor, overtly asserted with respect thereto and the Grantor has not made any agreement with any Account Debtor thereunder for any deduction therefrom, except as may be stated in the Schedule of Accounts and reflected in

the calculation of the face value of each respective invoice related thereto;

(d) The location of its chief executive office is set forth on Exhibit A attached hereto and incorporated herein by reference and such Grantor shall deliver to the Collateral Agent not less than ten (10) Business Days written notice prior to any change of its chief executive office.

11. **Inventory Warranties and Representations.** With respect to its Inventory, each Grantor warrants and represents to the Collateral Agent for the benefit of the Secured Parties that all representations made by such Grantor on or with respect to any Inventory are correct in all material respects and that all Inventory is located and shall be kept only at such Grantor's locations as set forth on Exhibit B attached hereto and incorporated herein by reference or is Inventory in transit or at such other locations as to which such Grantor has notified the Collateral Agent in writing not less than ten (10) Business days prior to such relocation, and, unless otherwise indicated in writing by such Grantor, that;

(a) No Inventory of such Grantor that would reasonably be likely, in the aggregate, to be of material economic value is now, or shall at any time or times hereafter be, stored with a bailee, warehouseman, or similar party without the Collateral Agent's prior written consent unless such Grantor has caused any such bailee, warehouseman, or similar party to issue and deliver to the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent, warehouse receipts therefor in the Collateral Agent's name and take such other action and be party to such document as deemed necessary or prudent by the Collateral Agent to maintain the security interest of the Secured Parties in such Inventory;

(b) No Inventory of such Grantor is under consignment to any Person, the value of which, when aggregated with all other Inventory under consignment of the other Grantors, would exceed US\$2,000,000; and

(c) No Inventory of such Grantor is at or shall be kept at any location that is leased by the Grantor from any other Person unless such location and lessee is set forth on Exhibit B hereto.

12. **Patent, Trademark and Copyright Representations and Warranties.** Each Grantor represents and warrants as follows:

(a) It is the sole legal and beneficial owner of the Patent Collateral (other than Excluded Patents) the Trademark Collateral (other than Excluded Trademarks) and the Copyright Collateral (other than Excluded Copyrights) set forth

opposite its name on Schedules I, II, III, IV, VI and VII hereto, free and clear of any Lien except for Permitted Liens, and no effective financing statement or other instrument similar in effect covering all or any part of such Patent Collateral, Trademark Collateral or Copyright Collateral is on file in any recording office, including without limitation the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Register of Trade-marks, the Canadian Register of Industrial Designs and the Canadian Registers of Copyrights, except such as may have been filed in favor of the Collateral Agent either Agent or the Canadian Collateral Trustee, for the benefit of the Secured Parties.

(b) Schedule I sets forth a list, which is complete and accurate in all material respects as of the date hereof, of all material Patents owned by such Grantor as of the date hereof; each such Patent is subsisting and has not been adjudged unpatentable, invalid or unenforceable, in whole or in part; to the knowledge of such Grantor, each of such patents is valid and enforceable; and each of such patent applications has been filed in conformity with applicable rules and procedures of the United States Patent and Trademark Office, the Patent Office of the Canadian Intellectual Property Office, and the equivalent agencies in any other applicable jurisdiction.

(c) Set forth in Schedule II hereto is a list which is complete and accurate in all material respects as of the date hereof of Licenses regarding any patent or patent application with any other party as of the date hereof, whether such Grantor is a licensor or licensee under any such license agreement, in each case which is necessary for the conduct of its business as conducted or contemplated or utilized on the date hereof and material in such Grantor's commercial manufacturing operations.

(d) Each Patent License of such Grantor identified on Schedule II is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and is, to such Grantor's knowledge, valid and enforceable.

(e) Set forth on Schedule III is a list, which is complete and accurate in all material respects as of the date hereof, of all of the Trademarks owned by such Grantor as of the date hereof and necessary for the conduct of its business as conducted or contemplated or utilized on the date hereof and material in such Grantor's commercial manufacturing operations or materially used in the selling or marketing of such Grantor's commercial products. Set forth on Schedule IV is a list, which is complete and accurate in all material respects as of the date hereof, of Trademark Licenses of such Grantor as of the date hereof necessary for the conduct of its

business as conducted or contemplated or utilized on the date hereof and material in such Grantor's commercial manufacturing operations or materially used in the selling or marketing of such Grantor's commercial products, including the expiration date of such Licenses.

(f) Set forth on Schedule IV is a list, which is complete and accurate in all material respects as of the date hereof, of all of the Copyrights owned by such Grantor as of the date hereof and necessary for the conduct of its business as conducted or contemplated or utilized on the date hereof and material in such Grantor's commercial manufacturing operations or materially used in the selling or marketing of such Grantor's commercial products. Set forth on Schedule VII is a list, which is complete and accurate in all material respects as of the date hereof, of Copyright Licenses of such Grantor as of the date hereof necessary for the conduct of its business as currently conducted or presently contemplated or utilized and material in such Grantor's commercial manufacturing operations or materially used in the selling or marketing of such Grantor's commercial products, including the expiration date of such Licenses.

(g) Except as indicated on Schedule III, each Trademark or Copyright of such Grantor identified on Schedule III or IV is validly subsisting and has not been abandoned or adjudged invalid, unregistrable or unenforceable, in whole or in part, and is, to such Grantor's knowledge, valid and enforceable. Each License of such Grantor identified on Schedule IV or VII is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and is, to such Grantor's knowledge, valid and enforceable.

(h) It has not granted any license, release, covenant not to sue, or non-assertion assurance to any third person with respect to any part of the Patent Collateral, Trademark Collateral or Copyright Collateral that would be reasonably likely, in the aggregate, to be of material economic value other than the Licenses.

(i) Each of the Trademark applications or Copyright applications described on Schedule III or VI has been filed in conformity with applicable rules and procedures of the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Register of Trade-marks, the Canadian Register of Industrial Designs, the Canadian Registers of Copyrights, and the equivalent agencies in any other applicable jurisdiction.

13. **Events of Default.** It is understood and agreed that the occurrence of any Event of Default (as defined in the Credit Agreement) shall entitle the Collateral Agent, for the benefit of

the Secured Parties, to take such actions as are elsewhere provided in this Agreement in respect of Events of Default.

14. **Rights and Remedies Upon Acceleration Event.** Upon and after an Acceleration Event, the Collateral Agent shall have the following rights and remedies on behalf of the Secured Parties in addition to any rights and remedies set forth elsewhere in this Agreement, all of which may be exercised with or without notice to any of the Grantors, except to the extent any such notice may be required by any Loan Document.

(a) All of the rights and remedies of a secured party under the Uniform Commercial Code of the state where such rights and remedies are asserted, or under other applicable law, all of which rights and remedies shall be cumulative, and none of which shall be exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Agreement, the Guaranty Agreement or any other Loan Document;

(b) The right to foreclose the Liens and security instruments created under this Agreement by any available judicial procedure or without judicial process;

(c) The right to (i) enter upon the premises of each Grantor through self-help and without judicial process, without first obtaining a final judgment or giving any Grantor notice and opportunity for a hearing on the validity of the Collateral Agent's claim and without any obligation to pay rent to any Grantor, or any other place or places where any Collateral is located and kept, and remove the Collateral therefrom to the premises of the Collateral Agent or any agent of the Collateral Agent, for such time as the Collateral Agent may desire, in order effectively to collect or liquidate the Collateral, and/or (ii) require each Grantor to assemble the Collateral and make it available to the Collateral Agent at a place to be designated by the Collateral Agent;

(d) The right, in each case in accordance with the terms of this Agreement, to (i) demand payment of the Accounts; (ii) enforce payment of the Accounts, by legal proceedings or otherwise; (iii) exercise all of each Grantor's rights and remedies with respect to the collection of the Accounts; (iv) settle, adjust, compromise, extend or renew the Accounts; (v) settle, adjust or compromise any legal proceedings brought to collect the Accounts; (vi) if permitted by applicable law, sell or assign the Accounts upon such terms, for such amounts and at such time or times as the Collateral Agent deems advisable; (vii) discharge and release the Accounts; (viii) take control, in any manner, of any item of payment or proceeds referred to in Section 7 above; (ix) prepare, file and sign each Grantor's name on a Proof of Claim in bankruptcy

or similar document against any Account Debtor; (x) prepare, file and sign each Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Accounts; (xi) endorse the name of any Grantor upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to the Accounts or Inventory; (xii) use any Grantor's stationery for verifications of the Accounts and notices thereof to Account Debtors; (xiii) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to the Accounts and Inventory to which a Grantor has access; and (xiv) do all acts and things and execute all documents necessary, in Collateral Agent's sole discretion, to collect the Accounts; and

(e) The right to sell, assign, lease, license or to otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, with or without representations and warranties, all as the Collateral Agent, in its sole discretion, may deem advisable. The Collateral Agent shall have the right to conduct such sales on any Grantor's premises or elsewhere and shall have the right to use each Grantor's premises without charge for such sales for such time or times as the Collateral Agent may see fit. The Collateral Agent may, if it deems it reasonable, postpone or adjourn any sale of the Collateral from time to time by an announcement at the time and place of such postponed or adjourned sale, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that the Collateral Agent has no obligation to preserve rights to the Collateral against prior parties or to marshal any Collateral for the benefit of any Person. The Collateral Agent is hereby granted a license or other right to use, without charge, each Grantor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral and each Grantor's rights under any license and any franchise agreement shall inure to the Collateral Agent's benefit. If any of the Collateral shall require repairs, maintenance, preparation or the like, or is in process or other unfinished state, the Collateral Agent shall have the right, but shall not be obligated to perform such repairs, maintenance, preparation, processing or completion of manufacturing for the purpose of putting the same in such saleable form as the Collateral Agent shall deem appropriate, but the Collateral Agent shall have the right to sell or dispose of the Collateral without such processing. In addition, each Grantor agrees that in the event notice is

necessary under applicable law, written notice mailed to the relevant Grantor in the manner specified in the Credit Agreement ten (10) days prior to the date of public sale of any of the Collateral or prior to the date after which any private sale or other disposition of the Collateral will be made shall constitute commercially reasonable notice to the Grantor. All notice is hereby waived with respect to any of the Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Collateral Agent may purchase all or any part of the Collateral at public or, if permitted by law, private sale, free from any right of redemption which is hereby expressly waived by each Grantor and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Secured Obligations. The net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of the Collateral shall be applied first to the expenses (including all attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Secured Obligations. Any sale or other disposition of the Collateral and the possession thereof by the Collateral Agent shall be in compliance with all provisions of applicable law (including provisions of the applicable Uniform Commercial Code). Each Grantor shall be liable to the Collateral Agent, for the benefit of the Secured Parties, and shall pay to the Collateral Agent, for the benefit of the Secured Parties, on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral. The Collateral Agent shall remit to a Grantor or other Person entitled thereto any surplus remaining after this Agreement has been terminated in accordance with Section 27 hereof.

15. **Anti-Marshalling Provisions.** The right is hereby given by each Grantor to the Collateral Agent, for the benefit of the Secured Parties, to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Collateral Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the Liens and security interests in the remaining Collateral conferred under such documents, nor release any Grantor from liability for the Secured Obligations hereby secured. Notwithstanding the existence of any other security interest in the Collateral held by the Collateral Agent, for the benefit of the Secured Parties, the Collateral Agent shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Agreement. The proceeds realized upon the exercise of the remedies provided herein shall be applied by the Collateral Agent, for the benefit of the Secured Parties, in the manner provided in Section 12.5 of the Credit Agreement. Each Grantor hereby waives any and all right to require the marshalling

of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

16. Appointment of Collateral Agent as Grantor's Lawful Attorney. Without limitation of any other provision of this Agreement, upon and after and during the continuance of an Acceleration Event, each Grantor irrevocably designates, makes, constitutes and appoints the Collateral Agent (and all Persons designated by the Collateral Agent), for the benefit of the Secured Parties, as such Grantor's true and lawful attorney (and agent-in-fact) to take all actions and to do all things required to be taken or done by the Grantor under this Agreement (including without limitation endorsing such Grantor's name on any checks, notes, drafts or any other payment relating to and/or proceeds of the Collateral which comes into the Collateral Agent's possession or Collateral Agent's control, and depositing the same to the account of the Collateral Agent, for the benefit of the Secured Parties, on account of the Secured Obligations). All acts of the Collateral Agent or its designee taken pursuant to this Section 16 are hereby ratified and confirmed and the Collateral Agent or its designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or law, other than as a result of its (or its designee's) gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable by any Grantor until this Agreement has been terminated in accordance with Section 27 hereof.

17. The Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. The Collateral Agent shall only be obligated to exercise reasonable care in the custody and preservation of the Collateral and shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which NationsBank accords its own property of similar type.

18. Rights and Remedies Cumulative; Non-Waiver; Etc. The enumeration of the rights and remedies of the Collateral Agent, for the benefit of the Secured Parties, set forth in this Agreement is not intended to be exhaustive and the exercise by any Secured Party of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder, or under any other agreement between any Grantor and the Secured Parties or which may now or hereafter exist in law or in equity or by suit or otherwise. No delay or failure to take action on the part of any Secured Party in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of

Default. No waiver by a party hereunder shall be effective unless it is in writing and otherwise complies with Section 14.6 of the Credit Agreement. No course of dealing between any Grantor and the Collateral Agent or the Collateral Agent's agents or employees shall be effective to change, modify or discharge any provision of this Agreement or to constitute a waiver of any Event of Default.

19. **Supplemental Documentation.** At the Collateral Agent's request, each Grantor shall execute and deliver to the Collateral Agent, at any time or times hereafter, all documents, instruments and other written matter that the Collateral Agent may request to perfect and maintain perfected the Collateral Agent's (for the benefit of the Secured Parties) security interest in the Collateral in which a perfected security interest is intended, in form and substance acceptable to the Collateral Agent, and pay all charges, expenses and fees the Collateral Agent may reasonably incur in filing any of such documents, and all taxes relating thereto. Each Grantor agrees that, to the extent permitted by applicable law, a carbon, photographic, photostatic, or other reproduction of this Agreement or a financing statement is sufficient as a financing statement and may be filed by the Collateral Agent in any filing office.

20. **Waivers.** In addition to the other waivers contained herein, each Grantor hereby expressly waives, to the extent permitted by law, presentment for payment, demand, protest, notice of demand, notice of protest, notice of default or dishonor, notice of payments and nonpayments and all other notices and consents to any action taken by the Collateral Agent unless expressly required by this Agreement or any other Loan Documents.

21. **Notice.** Any notice to any party shall be delivered to such party in accordance with the terms of Section 14.2 of the Credit Agreement.

22. **Definitions.** All terms used herein unless otherwise defined herein or in the Credit Agreement shall be defined in accordance with the appropriate definitions appearing in the Uniform Commercial Code as in effect in New York, and such definitions are hereby incorporated herein by reference and made a part hereof.

23. **Entire Agreement.** This Agreement, together with the Credit Agreement, the Guaranty Agreement and other Loan Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any portion or provision hereof may be changed, altered,

modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than by an agreement, in writing signed by the parties hereto.

24. **Severability.** The provisions of this Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

25. **Successors and Assigns.** This Agreement shall be binding upon the successors and assigns of each Grantor, and the right, remedies, powers, and privileges of the Collateral Agent hereunder shall inure to the benefit of the successors and assigns of the Collateral Agent; provided, however, that, except as permitted under Section 11.8 of the Credit Agreement, no Grantor shall make any assignment hereof without the prior written consent of the Collateral Agent.

26. **Counterparts.** This Agreement may be executed in any number of counterparts and all the counterparts taken together shall be deemed to constitute one and the same instrument.

27. **Termination; Release.**

(a) Upon the sale, lease, transfer or other disposition of any item of Collateral permitted under Section 11.6 of the Credit Agreement (other than sales of Inventory in the ordinary course of business), the Collateral Agent will, at the Grantors' expense, execute and deliver to each Grantor such documents as such Grantor shall reasonably request to evidence the release of such item of Collateral from the pledge, assignment and security interest granted hereunder; provided, however, that such Grantor shall have delivered to the Collateral Agent a written request for release describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith.

(b) On the date when all of the Secured Obligations have been Fully Satisfied, this Agreement and all obligations of the Grantors hereunder shall terminate without delivery of any instrument or performance of any act by any party, and the Collateral shall automatically be released from the Liens created by this Agreement and all rights to such Collateral shall automatically revert to the Grantors. Notwithstanding the immediately preceding sentence, upon such termination of this Agreement, the Collateral Agent shall reassign and redeliver such Collateral then held by or for the Collateral Agent and execute and deliver to the Grantors such documents

as the Grantor shall reasonably request to evidence such termination and reversion.

28. Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THE LAWS OF ANY OTHER JURISDICTION MAY GOVERN THE PERFECTION AND EFFECT OF PERFECTION OF ANY SECURITY INTEREST IN ANY COLLATERAL.

(b) EACH OF THE PARTIES HERETO HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF NEW YORK, STATE OF NEW YORK, UNITED STATES OF AMERICA OR IN ANY COMPETENT COURT SITTING IN MONTRÉAL, PROVINCE OF QUÉBEC, CANADA, AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) EACH OF THE PARTIES HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF SUCH PARTY PROVIDED BY SECTION 21, OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF NEW YORK OR IN THE PROVINCE OF QUÉBEC.

(d) NOTHING CONTAINED IN SUBSECTIONS (b) OR (c) HEREOF SHALL PRECLUDE ANY OF THE PARTIES HERETO FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS IN THE COURTS OF ANY PLACE WHERE ANY PARTY OR ANY OF SUCH PARTY'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE TO IT.

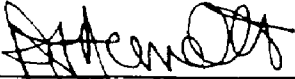
(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT


MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH OF THE PARTIES HERETO HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND EACH PARTY HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY HAVE THAT EACH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[Signatures on following pages]

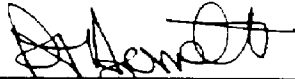
IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year first above written.


CONSOLTEX GROUP INC.

By: 
Name: Paul J. Bamatter
Title: Vice-President Finance and Chief Financial Officer


By: 
Name: Alex D. Palma
Title: Vice-President Taxation

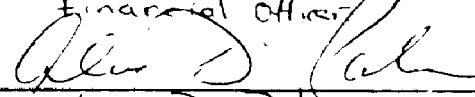
CONSOLTEX INC.

By: 
Name: Paul J. Bamatter
Title: Vice-President Strategic Planning


By: 
Name: Alex D. Palma
Title: Vice-President Taxation


CONSOLTEX (USA) INC.

By: 
Name: Paul J. Bamatter
Title: Vice-President Finance and Chief Financial Officer

By: 
Name: Alex D. Palma
Title: Vice-President Taxation

THE BALSON-HERCULES GROUP LTD.

By: 
Name: Paul J. Bamatter
Title: Vice-President Strategic Planning

By: 
Name: Alex D. Palma
Title: Vice-President Taxation

LIHQ INDUSTRIAL FABRICS, INC.

By: [Signature]
Name: Paul J. Bamatter
Title: Vice-President Strategic Planning

By: [Signature]
Name: Alex D. Palma
Title: Vice President Taxation

CONSOLTEX INTERNATIONAL INC.

By: [Signature]
Name: Paul J. Bamatter
Title: Vice-President Strategic Planning

By: [Signature]
Name: Alex D. Palma
Title: Vice-President Taxation

NATIONSBANK, NATIONAL ASSOCIATION,
as Collateral Agent for the Canadian
Agent, US Agent and the Lenders

By: [Signature]
Name: J.L. Walton
Title: Senior Vice-President

NATIONAL BANK OF CANADA, as Canadian
Agent

By: [Signature]
Name: Marie Dubreuil
Title: Senior Manager

By: [Signature]
Name: Timothy P. Lefine
Title: Manager

NATIONSBANK, NATIONAL ASSOCIATION,
as US Agent

By: [Signature]
Name: J.L. Walton
Title: Senior Vice-President


ACKNOWLEDGEMENTS

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 19th day of March, 1996, by Paul J. Bonafide + Alex D. Palmer personally known to me to be the VP - Strategic Planning + VP - Tax of **CONSOLTEX GROUP INC.**, a corporation incorporated under the laws of Canada, on behalf of such corporation.

→ Finance + CFO.



Notary Public

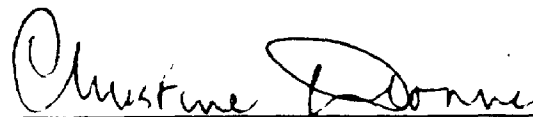
My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County 8
Commission Expires March 2, 1998

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 19th day of March, 1996, by Paul J. Bonafide + Alex D. Palmer personally known to me to be the VP - Strategic Planning + VP - Tax of **CONSOLTEX INC.**, a corporation incorporated under the laws of Québec, on behalf of such corporation.



Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County 8
Commission Expires March 2, 1998

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 14th day of March, 1996, by J. L. Walton personally known to me to be the Sr. Vice President of **NATIONSBANK, NATIONAL ASSOCIATION**, as US Agent, a national banking association organized and existing under the laws of the United States, on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County §
Commission Expires March 2, 1998

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 14th day of March, 1996, by J. L. Walton, personally known to me to be the Sr. Vice President of **NATIONSBANK, NATIONAL ASSOCIATION**, as Collateral Agent, a national banking association organized and existing under the laws of the United States, on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County
Commission Expires March 2, 1998

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 14th day of March, 1996, by Timothy P. Lause & Pierre Dabrewil personally known to me to be the Man. & Sr. Man of **NATIONAL BANK OF CANADA**, as Canadian Agent, a bank governed by the Bank Act (Canada), on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County
Commission Expires March 2, 1998

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 19th day of March, 1996, by Paul J. Bernick & Alex D. Palma personally known to me to be the VP Strategic Planning & VP Tax of **THE BALSON-HERCULES GROUP LTD.**, a Rhode Island corporation, on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County §
Commission Expires March 2, 1998

STATE OF New York

COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 19th day of March, 1996, by Paul J. Bernick & Alex D. Palma personally known to me to be the VP Strategic Planning & VP Tax of **LINO INDUSTRIAL FABRICS, INC.**, a Delaware corporation, on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County §
Commission Expires March 2, 1998

STATE OF New York
COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 14th day of March, 1996, by Paul J. Bameller, personally known to me to be the VP - Finance & CFO of **CONSOLTEX (USA) INC.**, a New York corporation, on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County B
Commission Expires March 2, 1998

STATE OF New York
COUNTY OF New York

The foregoing Security Agreement was executed and acknowledged before me this 14th day of March, 1996, by Alex D. Palma, personally known to me to be the VP - Taxation of **CONSOLTEX INTERNATIONAL INC.**, a New York corporation, on behalf of such corporation.

Christine Dionne
Notary Public

My commission expires:

CHRISTINE DIONNE
Notary Public, State of New York
No. 31-4992660
Qualified in New York County B
Commission Expires March 2, 1998

Exhibit A
Location of Accounts

CONSOLTEX INC.

8555 route Transcanadienne
Saint-Laurent, Quebec H4S 1Z6
CANADA

CONSOLTEX (USA) INC.

1040 Avenue of the Americas
6th Floor
New York, N.Y. 10018
U.S.A.

THE BALSON-HERCULES GROUP LTD.

1040 Avenue of the Americas
6th Floor
New York, N.Y. 10018
U.S.A.

545 Pawtucket Avenue
Pawtucket , RI 02860
U.S.A.

LINO INDUSTRIAL FABRICS, INC.

2550 West Fifth North Street
Summerville, South Carolina 29483-9699
U.S.A.

Exhibit B
Location of Inventory

- Consoltex Inc.
5585 Royal Mount Avenue
TMR, Quebec

- Consoltex Inc.
200 St. George Street
Alexandria, Ontario

- Consoltex Inc.
110 4th Avenue
Montmagny, Quebec

- Consoltex Inc.
201 des Textiles Street
Cowansville, Quebec

- Consoltex Inc.
400 Willard Street
Cowansville, Quebec

- Consoltex Inc.
4015 Brodeur Street
Sherbrooke, Quebec

- The Balson-Hercules Group Ltd D/B/A
John King, Inc.
5432 E. Slauson Avenue
Commerce, California

- The Balson-Hercules Group Ltd. D/B/A John King,
Inc.
5434 East Slauson Avenue
Commerce, California

- The Balson-Hercules Group Ltd. D/B/A
John King, Inc.
Cargo Logistic Warehouse
3130 Lamar Avenue
Memphis, TN 38114

- The Balson-Hercules Group Ltd. D/B/A John King,
Inc.
Springfield Warehouse-Pinnacle Logistics
Pinnacle Drive
Springfield, TN 37172

- LINQ Industrial Fabrics, Inc.
215 Industrial Boulevard
Summerville, South Carolina

- LINQ Industrial Fabrics, Inc.
2550 W. Fifth North Street
Summerville, South Carolina

- LINQ Industrial Fabrics, Inc.
2490 West Fifth North Street
Summerville, South Carolina

- The Balson-Hercules Group Ltd.
545 Pawtucket Avenue
Pawtucket, Rhode Island

Schedule I

Patents and Patent Applications

LINQ Industrial Fabrics, Inc.

<u>Patent</u>	<u>Patent/Application No.</u>	<u>Country</u>
Antistatic Woven Coated Polypropylene Fabric	92300057.4	European
Antistatic Woven Coated Polypropylene Fabric	5,071,699	USA *
Antistatic Woven Coated Polypropylene Fabric	20,965	Japan
Extrusion Coated Circular Woven Fabric	1,313,608	Canada
Extrusion Coated Circular Woven Fabric	4,844,958	USA *
Industrial Textile Fabric	1,275,024	Canada
Industrial Textile Fabric	4,643,119	USA *
Impact Resistant Bag with Increased Circumferential Yarn	1,230,093	Canada
Weft Insertion Knitted Secondary Carpet Backing	1,174,143	Canada
Weft Insertion Knitted Secondary Carpet Backing	4,376,146	USA *
Extrusion Coated Carpet Backing and Method of Manufacture	1,254,371	Canada
Quasi-Conductive Anti-Incendiary Flexible Intermediate Bulk Container	5,478,154	USA *
System for minimizing incendiary static electrical discharge	111,358	Israel

<u>Patent</u>	<u>Patent/Application No.</u>	<u>Country</u>
System for minimizing incendiary static electrical discharge	948,185	Mexico
System for minimizing incendiary static electrical discharge	US94/12097	Patent Cooperation Treaty
System for minimizing incendiary static electrical discharge	457441/08	USA*

The Balson-Hercules Group Ltd.

<u>Patent</u>	<u>Patent/Application No.</u>	<u>Country</u>
Method of Treating Cellulose Di-Acetate Fibers	4433028	USA*

* Patent Filing Required

Schedule II

Patent Licenses

License Agreement dated as of November 29, 1994 between Marcanada Inc. and Securitex Inc. and Consoltex Inc. for the manufacturing, distributing and selling of certain textile material for inner lining in conjunction with firefighter protective garments and the use of the trademark ULTRAFLEX and certain patents with respect to the manufacture, sale and use of the fabric in conjunction with inner lining of firefighter protective garments.

Contract dated as of August 1, 1995 and amended effective as of August 1, 1998 between LINQ Industrial Fabrics, Inc. ("LINQ") and E.I. du Pont de Nemours ("DuPont") whereby LINQ grants DuPont a royalty-free, non-exclusive license under any patent that may issue on LINQ's Pappas patent application (RJP037) (or any continuation, continuation-in-part, or division thereof) to make for DuPont's use for packaging and selling DuPont's products, and have made for DuPont's use for packaging and selling DuPont's products FIBC that contains Nega-Stat® brand anti-static yarn or other anti-static yarn but no coating of thermoplastic polymer containing a polyol ester of C10-C28 monocarboxylic acid anti-static agent and whereas, DuPont grants LINQ a royalty-free, non-exclusive license under any patent that may issue on DuPont's Fuson patent application (CH-2500) (or any continuation, continuation-in-part, or division thereof) to make, use and sell FIBC that contains DuPont's Nega-Stat® brand anti-static yarn or other anti-static yarn.

Schedule III

Patent License Trademarks, Tradenames, Trade Dress, Service Marks,
Trademark and Service Mark Registrations, Applications
for Trademark or Service Mark Registration

CONSOLTEX INC. - CANADA

<u>Trade-Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
ARCTIC ARMOR	233,626	June 8, 1979
AU FIL DE LA QUALITE	338,946	April 8, 1988
AVIATEX	132,829	September 27, 1963
"BRUCK"	UCA 30989	June 10, 1948
CARISSIMA	312,431	March 14, 1986
COMMANDER	443,487	June 2, 1995
CONSOLTEX	245,523	May 23, 1980
CONSOLTEX & Design	371,469	August 3, 1990
CONSOLTEX DESIGN	292,127	June 22, 1984
CONSOLTEX DESIGN	300,862	March 15, 1985
D-LINER	351,601	February 17, 1989
DERMO-FLEX	306,727	September 6, 1985
DERMOFLEX	356,209	May 26, 1989
EVENING SPLENDOR	466,542	November 28, 1996
"FUTURA"	UCA 49503	June 10, 1954
HIGH SPIRIT	306,814	September 13, 1985
HIGH SPIRITS	306,829	September 13, 1985
HYDROFLEX	449,246	October 20, 1995
ILLUSIONS	308,528	November 22, 1985
ILLUSIONS	314,163	May 16, 1986
INSUL-ON	UCA 46619	December 16, 1953
LINEBACKER	140,408	May 21, 1965
MAXIMA	279,580	May 13, 1983
MAXIMA PLUS	307,107	September 20, 1985
MIRAGE	293,238	July 20, 1984

**SCHEDULE I
TO UCC-1 FINANCING STATEMENT**

The Secured Party is **BANK OF AMERICA, N.A., successor in interest to NATIONSBANK, NATIONAL ASSOCIATION**, as US Collateral Agent under the Credit Agreement dated March 19, 1996, as amended, by and among **CONSOLTEX GROUP INC.**, a corporation incorporated under the laws of Canada, **CONSOLTEX INC.**, a corporation incorporated under the laws of Québec, **CONSOLTEX MEXICO, S.A. de C.V.**, a Mexican Corporation, **CONSOLTEX (USA) INC.**, a New York corporation, **THE BALSON-HERCULES GROUP LTD.**, a Rhode Island corporation, **LIQ INDUSTRIAL FABRICS, INC.**, a Delaware corporation (collectively referred to as the "Borrowers"), **BANK OF AMERICA, N.A., successor in interest to NATIONSBANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States, as US Agent, **NATIONAL BANK OF CANADA**, a bank governed by the Bank Act (Canada), as Canadian Agent, and the Lenders party thereto (the "Lenders") (such Agreement as amended, modified or supplemented from time to time, being referred to as the "Credit Agreement") for the following:

1. **NATIONAL BANK OF CANADA, as Canadian Agent**
2. **BANK OF AMERICA, N.A., successor in interest to NATIONSBANK, NATIONAL ASSOCIATION, as US Agent**
3. **NATIONAL BANK OF CANADA**
4. **NATIONSBANK, NATIONAL ASSOCIATION**
5. **BANKBOSTON, N.A.**
6. **THE BANK OF NOVA SCOTIA**
7. **FLEET BUSINESS CREDIT CORPORATION as successor to SANWA BUSINESS CREDIT CORPORATION**
8. **ANY OTHER PARTY THAT IS A LENDER, FROM TIME TO TIME, PURSUANT TO THE CREDIT AGREEMENT**

(collectively, the "Secured Parties")

SMITH HELMS MULLISS & MOORE, L. L. P.

ATTORNEYS AT LAW

CHARLOTTE, NORTH CAROLINA

ONE NORTH TRYON STREET (28202)
POST OFFICE BOX 11111
CHARLOTTE, NC 28

TELEPHONE 704/343-2000
FACSIMILE 704/334-8467
www.shmm.com

OTHER OFFICES
ATLANTA
GREENSBORO
RALEIGH
WILMINGTON

704/343-2278



06-21-2000

U.S. Patent & TMO/c/TM Mail Rept. Dt. #31

June 19, 2000

VIA FEDERAL EXPRESS

U.S. Department of Commerce
Commissioner of Patents and Trademarks
Assignment Division, Box Assignments
Washington, DC 20231

Re: *Assignment of Security Interest - Trademarks*
(Our Client Number: 4052178-2224 Consoltex)

Ladies and Gentlemen:

Enclosed herewith for recordation with your office are four (4) Recordation for Assignment of Trademarks for the following entities:

- (1) Consoltex Inc.;
- (2) The Balson-Hercules Group, Ltd.;
- (3) LINQ Industrial Fabrics, Inc.; and
- (4) Marino Technologies, Inc.

We have also enclosed a separate check for each filing to cover filing fees. Please acknowledge receipt of this letter and its enclosures by executing the receipt copy hereof and returning it to us in the envelope provided. If you have any questions or require additional information, please contact us. We appreciate your assistance.

Very truly yours,

Kimberly B. Saltrick
Legal Assistant

Enclosures

RECEIVED AND ACCEPTED FOR RECORDATION
this ___ day of _____, 2000.

By: _____

RECORDED: 06/21/2000

TRADEMARK
REEL: 002105 FRAME: 0293