



101803661

To the Honorable Commissioner of...

Attached original documents or copy thereof.

1. Name of conveying party(ies): 8-20)
Ballard Designs, Inc.

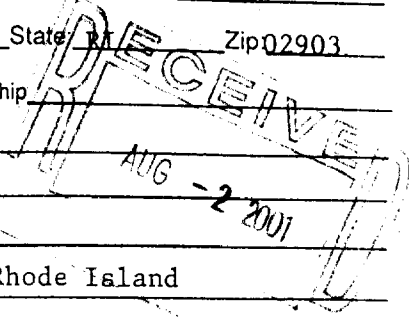
Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State Georgia
 Other _____

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

2. Name and address of receiving party(ies)
 Name: Fleet Capital Corporation
 Internal
 Address: 2nd Floor
 Street Address: 1 Financial Plaza
 City: Providence State: Ri Zip: 02903

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership
 Corporation-State Rhode Island
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No



3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: June 11, 2001

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)

SEE ATTACHED SCHEDULE A

Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 5

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Robert R. Pierce, Esq.
 Internal Address: Suite 800

08/07/2001 TBIAZI 00000060
 01 FC:481 40.00 DP
 02 FC:482 100.00 DP

Street Address: Pierce & Mandell, P.C.
11 Beacon Street

City: Boston State: MA Zip: 02108

7. Total fee (37 CFR 3.41).....\$ 140.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Robert R. Pierce, Esq. [Signature] 8/22/01
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document 24

SCHEDULE A

(CONTINUATION OF ITEM 4)

TRADEMARK REGISTRATIONS

<u>MARK</u>	<u>REG. NO.</u>
BALLARD DESIGNS	2192388
Miscellaneous Design	2193876
BALLARD'S BACKROOM	2221509

TRADEMARK APPLICATIONS

<u>MARK</u>	<u>SERIAL NO.</u>
QUEEN BEE ANTIQUES & Design	75-784608
QUEEN BEE ANTIQUES	76-070954

ADDITIONAL SECURITY AGREEMENT

SECURED PARTY:
FLEET CAPITAL CORPORATION
One Financial Plaza
Providence, Rhode Island 02903-2305

DEBTOR:
BALLARD DESIGNS, INC.
1670 DeFoor Avenue, NW
Atlanta, GA 30318

1. Grant of Security Interest. The undersigned Debtor hereby grants to Secured Party and its successors and assigns, a continuing security interest in and to the Collateral (hereinafter defined) to secure the due and punctual payment and performance of all of the Obligations (hereinafter defined). As used herein, the term "**Obligations**" shall mean and include the following: (a) all of Debtor's obligations under that certain Guaranty dated as of March 10, 1999 owing to Secured Party (the "**Agreement**"); (b) all obligations contained herein; and (c) all other obligations and all other indebtedness and liabilities of Debtor to Secured Party of every kind and description, now existing or hereafter arising, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, regardless of how the same may arise or by what instrument, agreement or book account they may be evidenced, including without limitation, any such indebtedness and liabilities of Debtor to others which may now or hereafter be obtained by Secured Party through purchase, negotiation, discount, transfer, assignment or otherwise. As used herein, the term "**Collateral**" shall mean and include the property described on the Additional Collateral Schedule attached hereto, whether now owned or hereafter acquired and wherever the same may be located, and all present and future additions, attachments, or accessories thereto and replacements thereof, and the products, proceeds, offspring, rents and profits therefrom or thereof, including proceeds in the form of goods, accounts, chattel paper, documents, instruments and general intangibles, insurance proceeds payable in respect of loss or damage to any such property, and all returned or repossessed goods arising from or relating to any such property. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Agreement and the attached Additional Collateral Schedule. To the extent not otherwise defined in this Additional Security Agreement, all other terms contained in this Additional Security Agreement shall have the meanings assigned or referred to them in the Uniform Commercial Code in force in the State of Rhode Island (the "**UCC**").

2. Additional Documents and Agreements. Debtor will, at the request of Secured Party, execute, deliver, and permit Secured Party to file and record any financing statement, specific assignment or other paper that may be requested by Secured Party in order to create, preserve, perfect or validate any security interest hereunder or to enable Secured Party to exercise and enforce its rights hereunder with respect to any of the Collateral. Debtor hereby appoints Secured Party as Debtor's attorney-in-fact to execute, sign and file such additional financing statements or other documents, instruments or assignments as Secured Party may determine in its sole discretion to be necessary or desirable to protect and perfect Secured Party's interest in the Collateral. Debtor hereby authorizes Secured Party to file and record any carbon, photographic or other reproduction of this Additional Security Agreement or any financing statement executed and delivered in connection with this Additional Security Agreement, which shall for all purposes be deemed to be sufficient as a financing statement hereunder. The security interest granted hereby shall continue effective irrespective of any retaking and redelivery of Collateral to Debtor until all Obligations secured hereby are fully paid or performed. The Collateral is and shall remain personal property even though all or any portion of the Collateral may hereafter become attached or affixed to real property, and Debtor shall provide Secured Party with disclaimers and waivers from landlords, mortgagees or any other persons holding any interest in the real property where any Collateral may be located, acceptable in all respects to Secured Party, which may be necessary or advisable in the sole discretion of Secured Party to confirm that the security interest and rights of Secured Party in the Collateral are and will remain valid against all other Parties.

3. Representations; Warranties; Covenants and Agreements. For so long as any Obligations shall remain outstanding, Debtor hereby represents, warrants, covenants and agrees that: (a) this Additional Security Agreement and all related documentation has been and shall be duly authorized by all necessary action on the part of Debtor consistent with its form of organization, do not and shall not require any further shareholder or partner approval, or require the approval of, or the giving of notice to, any federal, state, local or foreign governmental authority and shall not contravene any law binding on Debtor or contravene any certificate or articles of incorporation or by-laws or partnership certificate or agreement, or any agreement, indenture, or other instrument to which Debtor is a party or by which it may be bound; (b) Debtor shall lawfully possess and own the Collateral; (c) except for the security interest granted hereby and any security interest granted to or for the benefit of those certain Lenders identified in, and in connection with, that certain Third Amended and Restated Loan Agreement, dated as of August 24, 1998, by and between such Lenders and the Debtor and its affiliates (the "**Loan Agreement**") or otherwise permitted pursuant to section 6.1 of the Loan Agreement, the Collateral is free from and will be kept free from all liens, claims, security interests, attachments and encumbrances, and that no financing statement covering the Collateral or any proceeds thereof shall be on file in favor of anyone other than Secured Party; (d) Debtor will not misuse, fail to keep in good repair, sell, assign, rent, lend, encumber, transfer, secrete or otherwise dispose of any of the Collateral or any interest therein, nor permit or contract to do any such act, except that Debtor may dispose of inventory in the ordinary course of business as heretofore conducted by Debtor and as otherwise permitted in the Loan Agreement; (e) if any Collateral becomes the subject of any instrument, chattel paper, negotiable document of title, including any warehouse receipt or bill of lading, Debtor shall deliver such instrument, paper or document to Secured Party; (f) Debtor shall defend at Debtor's own cost any action, proceeding or claim affecting the Collateral; (g) Debtor shall pay promptly all taxes, assessments, license fees and other public or private charges when levied or assessed against the Collateral; (h) Debtor shall permit Secured Party at any time during normal business hours to examine and inspect the Collateral and to inspect and make abstracts from records of Debtor concerning the Collateral; (i) Debtor shall furnish Secured Party such information and reports regarding the status, condition and location of the Collateral and the financial condition of Debtor as Secured Party may from time to time reasonably request; (j) if a certificate of title be required or permitted by law with respect to any Collateral, Debtor shall promptly following request of Secured Party obtain such certificate and all related lien registration and notation documentation with respect to the Collateral indicating the security interest of Secured Party thereon, and in any event do everything necessary or expedient to preserve or perfect the security interest of Secured Party in such Collateral; (k) Debtor shall promptly notify Secured Party of any event causing a substantial loss or diminution in the value or functional utility of all or any material part of the Collateral, or affecting Secured Party's rights or remedies hereunder with respect to the disposition of all or any material part of the Collateral; (l) Debtor shall promptly and diligently collect all accounts and rights to receive payment for goods sold or leased, or for services rendered (whether or not evidenced by an instrument or chattel paper) which constitute all or any part of the Collateral ("**Accounts**") and maintain accurate books and records of such Accounts and all collections thereof; and (m) Debtor shall keep its records concerning the Accounts at Debtor's chief executive offices at the address shown above. or at such other address as Secured Party shall approve in writing. For so long as an Event of Default (defined below) shall exist, Debtor shall: (i) segregate all collections, Accounts and proceeds of the Collateral so that they are capable of identification and deliver such collections, Accounts and proceeds to Secured Party immediately upon demand therefor; (ii) obtain Secured Party's prior written consent to any sale, contract of sale or other disposition of the Collateral; (iii) upon Secured Party's request therefor, notify account debtors, purchasers of the Collateral or any other persons of the security interest created hereby; and (iv) upon Secured Party's request therefor, demand and collect any Accounts and any proceeds of the Collateral from persons owing same. Upon the occurrence of an Event of Default, Debtor hereby irrevocably authorizes Secured Party to endorse Debtor's name on all collections, receipts, instruments or other documents, and appoints Secured Party as Debtor's attorney-in-fact to exercise to the extent permitted by law all powers, rights and remedies necessary to enable Secured Party to exercise its rights hereunder.

Without limiting the generality of the foregoing, Debtor hereby further represents, warrants, covenants and agrees, with respect to any **Trademarks** (defined in the attached Additional Collateral Schedule) that: (i) Debtor will not without Secured Party's prior written consent, enter into any agreement, including, without limitation any license agreement, that is inconsistent with Debtor's obligations under this Additional Security Agreement or the Agreement, or take any action, or permit any action to be taken by others subject to Debtor's control, including licensees, or fail to take any action (including, without limitation, the abandonment of any Trademark), that would adversely affect the validity or enforceability of the rights granted or transferred to Secured Party under this Additional Security Agreement, or enter into any other agreement which may restrict or inhibit Secured Party's rights to sell or otherwise dispose of any Trademark or any part thereof after the occurrence of an Event of Default; (ii) if after the date hereof and before all Obligations have been satisfied in full, Debtor shall obtain any registration or apply for any registration in the United States Patent and Trademark Office or in any similar office or agency of a state,

territory or possession of the United States, or obtain rights to any trademarks or tradenames used in the United States or any state, territory or possession thereof, or become entitled to the benefit of any trademark application, common law trademark, tradename or trademark registration in the United States or any state, territory or possession thereof, the provisions of this Agreement shall automatically apply thereto and Debtor shall give to Secured Party prompt written notice thereof; (iii) Debtor is not aware of any material infringement or unauthorized use presently being made of any of the Trademarks which would adversely affect the fair market value thereof or the benefits of this Additional Security Agreement granted to Secured Party, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Secured Party hereunder and Debtor will continue to maintain monitoring and enforcement practices which fully and adequately protect the Trademarks in accordance with prudent industry practices; (iv) the permitted use by Secured Party of all Trademarks pursuant to this Additional Security Agreement shall be worldwide (subject to applicable law) without any liability for royalties or other related charges from Secured Party to Debtor. Debtor agrees (1) not to sell or assign its interest in, or grant any license under the Trademarks without the prior written consent of Secured Party, which consent shall not be unreasonably withheld (except for licensing of the Trademarks in bona fide, arm's length transactions with third parties who are not controlled by, controlling or under common control with the Debtor) for value in the ordinary course of business in which the proceeds of such licenses shall constitute Collateral hereunder); (2) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of such products as of the date hereof; (3) not to reduce the quality of such products in any material respect without Secured Party's express written consent; and (4) Debtor shall prosecute diligently and in accordance with prudent industry practices any trademark application that is part of the Trademarks pending as of the date hereof or thereafter until the Obligations shall have been paid in full, (5) to preserve and maintain all rights in trademark applications, trademarks, tradenames, and trademark registrations that are part of the Trademarks in accordance with prudent industry practices, and (6) not to abandon any Trademark without the prior written consent of Secured Party. Any expenses incurred in connection with the applications referred to herein shall be borne by Debtor. Debtor shall keep Secured Party advised on a current basis of any such applications or proceedings. If Debtor fails to comply with any of the foregoing duties within 10 days following written notice from Secured Party, Secured Party may so comply in Debtor's name to the extent permitted by law, but at Debtor's expense, and Debtor hereby agrees to reimburse Secured Party in full for all reasonable expenses, including the fees and disbursements of attorneys and paralegals (including charges for inside counsel) incurred by Secured Party in protecting, defending and maintaining the Trademarks. In the event that Debtor shall fail to pay when due any fees required to be paid by it hereunder, or shall fail to discharge any liens or encumbrance prohibited hereby, or shall fail to comply with any other duty hereunder, Secured Party may, but shall not be required to, pay, satisfy, discharge or bond the same for the account of Debtor, and all moneys so paid shall be Obligations of Debtor repayable on demand, together with interest at a rate equal to the lesser of 18% per annum or the highest rate permitted by applicable law.

4. Insurance. All risk of loss of, damage to, or destruction of, the Collateral shall at all times be with Debtor. Debtor will procure forthwith and maintain fire, theft and property damage insurance with extended or combined additional coverage on any Collateral which is tangible personal property for the full replacement value thereof for so long as any Obligations remain outstanding, together with such other insurance as Secured Party may specify, and promptly deliver certificates and copies evidencing each policy to Secured Party with a standard mortgagee's long form endorsement attached showing loss payable to Secured Party and Debtor as their respective interests may appear, which endorsement shall provide at least thirty (30) days' prior written notice to Secured Party of any material change, cancellation or non-renewal of coverage. Secured Party's acceptance of policies in lesser amounts or risks shall not be a waiver of Debtor's foregoing obligations.

5. Defaults. Time is of the essence in the payment and performance of all Obligations, including without limitation all Obligations under or in respect of this Additional Security Agreement. It shall be an **"Event of Default"** hereunder if Debtor breaches any representation, warranty, covenant or provision hereof or of the Agreement, or defaults in the payment or performance of any Obligation; or if any substantial portion of the Collateral is lost or destroyed; or if there exists any event or condition which, with notice or the passage of time, or both, would constitute a default under the Agreement or any other document agreement or instrument evidencing an Obligation.

6. Remedies. Upon the occurrence of an Event of Default hereunder, all Obligations, at Secured Party's option and without notice, shall become immediately due and payable, and Secured Party shall have all rights and remedies of a secured party under the UCC and any other applicable law, and in addition, and without limiting the foregoing, Secured Party may: (a) sell all or any part of the Collateral at public or private sale at such price(s) as Secured Party may deem satisfactory; (b) require Debtor to assemble all or any part

of the Collateral and any records pertaining thereto and make it available to the Secured Party at a place to be designated by the Secured Party; (c) enter the premises of Debtor and take possession of the Collateral and any records pertaining thereto and/or disable⁴ or render any such Collateral unusable; (d) grant extensions, compromise claims and settle Accounts in any amount for less than face value or book value or otherwise. All rights and remedies in this Additional Security Agreement are cumulative and not alternative and are not exclusive of any other remedies provided by law. Debtor will upon demand pay to Secured Party the expenses of retaking, holding, preparing for sale, selling and the like, including without limitation, reasonable attorney's fees and other legal expenses, incurred by Secured Party in connection with the Collateral or the exercise of its rights or remedies hereunder, all of which shall constitute additional Obligations secured by the Collateral hereunder. In the event Secured Party seeks to take possession of any or all of the Collateral by court process, Debtor hereby irrevocably waives any bonds and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession, and waives any demand for possession prior to the commencement of any suit or action to recover with respect thereto. Any notice required to be given by Secured Party of a sale or other disposition or other intended action by Secured Party with respect to any of the Collateral or otherwise which is made in accordance with the terms of this Additional Security Agreement at least seven (7) days prior to such proposed action, shall constitute fair and reasonable notice to Debtor of any such action. Secured Party shall be liable to Debtor only for its gross negligence or willful misconduct in failing to comply with any applicable law imposing duties upon Secured Party; Secured Party's liability for any such failure shall be limited to the actual loss suffered by Debtor directly resulting from such failure. Secured Party shall have no liability to Debtor in tort or for incidental or consequential damages.

7. Assignment. The provisions of this Additional Security Agreement shall be binding upon and shall inure to the benefit of the heirs, administrators, successors and assigns of Secured Party and Debtor, provided, however, that Debtor may not assign any of its rights or delegate any of its Obligations hereunder without the prior written consent of Secured Party. Secured Party may, from time to time, without notice to Debtor, sell, assign, transfer, participate, pledge or otherwise dispose of all or any part of the Obligations and/or the Collateral therefor. In such event, each and every immediate and successive purchaser, assignee, transferee, participant, pledgee, or holder of all or any part of the Obligations and/or the Collateral (each, a "Holder") shall have the right to enforce this Additional Security Agreement, by legal action or otherwise, for its own benefit as fully as if such Holder were herein by name specifically given such rights hereunder. Debtor agrees that the rights of any such Holder hereunder or with respect to the related Obligations shall not be subject to any defense, set-off or counterclaim that Debtor may assert or claim against Secured Party, and that any such Holder shall have all of the Secured Party's rights hereunder but none of the Secured Party's obligations. Secured Party shall have an unimpaired right to enforce this Additional Security Agreement for its benefit with respect to that portion of the Obligations which Secured Party has not sold, assigned, transferred, participated, pledged or otherwise disposed of.

8. Miscellaneous. No failure on the part of Secured Party to exercise and no delay in exercising any right, power or remedy hereunder shall operate as a waiver thereof. Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted here from, and shall not invalidate the remaining provisions hereof. Debtor acknowledges receipt of a true copy and waives acceptance hereof. THIS ADDITIONAL SECURITY AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT OF DEBTOR AND SECURED PARTY RELATIVE TO THE SUBJECT MATTER HEREOF, AND THERE ARE NO PRIOR OR CONTEMPORANEOUS UNDERSTANDINGS OR AGREEMENTS, WHETHER ORAL OR IN WRITING, BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF. NEITHER THIS ADDITIONAL SECURITY AGREEMENT NOR ANY PROVISION HEREOF MAY BE CHANGED, WAIVED, DISCHARGED OR TERMINATED EXCEPT BY AGREEMENT IN WRITING SIGNED BY THE PARTY AGAINST WHICH ENFORCEMENT OF SUCH CHANGE, WAIVER, DISCHARGE OR TERMINATION IS SOUGHT. Any notices and demands shall be in writing and sent to the parties by regular mail at the addresses herein set forth or to such other address as the parties may hereafter specify by written notice. THIS ADDITIONAL SECURITY AGREEMENT AND THE LEGAL RELATIONS OF THE PARTIES HERETO SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF RHODE ISLAND, WITHOUT REGARD TO PRINCIPLES REGARDING THE CHOICE OF LAW. DEBTOR HEREBY CONSENTS TO THE JURISDICTION OF THE COURTS OF THE STATE OF RHODE ISLAND AND THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ITS OBLIGATIONS HEREUNDER AND EXPRESSLY WAIVES ANY OBJECTIONS TO THE VENUE OF SUCH COURTS. DEBTOR HEREBY EXPRESSLY WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS ADDITIONAL SECURITY AGREEMENT. Any action by Debtor against Secured Party for any cause of action relating to this Additional Security Agreement shall be instituted within one year after

any such cause of action first arise.

Dated as of: June 11, 2001

Fleet Capital Corporation

By: Patricia M. Smith
Name: **PATRICIA M. SMITH**
Title: Assistant Vice President

Ballard Designs, Inc.

By: John V. Schaefer
Name: John V. Schaefer
Title: Vice President

ADDITIONAL COLLATERAL SCHEDULE
TO ADDITIONAL SECURITY AGREEMENT

DATED AS OF: June 11, 2001

All goods, equipment, inventory, accounts, chattel paper, documents, instruments, contract rights, investment property, deposit accounts, letter of credit rights, supporting obligations, trademark applications, trademarks, patent applications, patents, patents pending, and general intangibles in which the Debtor now or hereafter has rights and wherever the same may be located, whether now owned or hereafter acquired or arising, and the proceeds, products and income of any of the foregoing, including insurance proceeds, and each of the following:

a) all of Debtor's present and trademarks, trademark registrations, tradenames and trademark applications, whether or not now or hereafter filed with the U.S. Patent and Trademark office, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or used in the United States, any state, territory or possession thereof or any other country, including, without limitation, (i) any renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto including without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (v), all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and trademark applications, together with the items described in clauses (i)-(iv) above are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"), including but not limited to the Trademarks listed on the **Exhibit A** attached hereto; and

(b) the goodwill of Debtor's business connected with or symbolized by the Trademarks.

Dated as of: June 11, 2001

Fleet Capital Corporation

By: Patricia M. Smith
Name: PATRICIA M. SMITH
Title: Assistant Vice President

Ballard Designs, Inc.

By: John V. Schaefer
Name: John V Schaefer
Title: Vice President

**Exhibit A
Additional Collateral Schedule**

Service Marks Owned by Ballard Designs, Inc.

Mark	Country	Serial No.	Filing Date	Goods or Services	Status
MISCELLANEOUS DESIGN column logo	European Community	761882	02/26/98	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Suspended
MISCELLANEOUS DESIGN column logo	Japan	10-30757	04/09/98	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Awaiting Certificate of Registration
✓ QUEEN BEE ANTIQUES	United States	76/070954	08/25/99	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Approved for Publication
✓ QUEEN BEE ANTIQUES and Design	United States	75/784608	08/25/99	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Statement of Use to be filed and accepted by 09/06/01

Service Marks Owned by Ballard Designs, Inc.

Mark	Country	Regis. No.	Regis. Date	Goods or Services	Status
BALLARD DESIGNS	European Community	728436	06/07/00	Dissemination of advertising materials in the form of catalogues or by electronic means	Renewal due 01/22/08
BALLARD DESIGNS	Japan	4454306	02/23/01	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Renewal due 02/23/11
BALLARD DESIGNS	United States	2192388	09/29/98	Mail order services, mail order catalog services and providing onsite retail services all in the field of home and garden furnishings and accessories	Section 8 Affidavit due 09/29/04
BALLARD'S BACKROOM	United States	2221509	02/02/99	Mail order services, mail order catalog services and providing onsite retail services all in the field of home and garden furnishings and accessories	Section 8 Affidavit due 02/2/04
MISCELLANEOUS DESIGN column logo	United States	2193876	10/06/98	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Section 8 Affidavit due 10/06/04

rosalie vazquez - h:\davidson_janey\lega\107920.112-fl\letters-fl\star0401.doc

**Exhibit A
Additional Collateral Schedule page 3**

BALLARD DESIGNS			
<u>Publication Date</u>	<u>Mail Date</u>	<u>Effective Date</u>	<u>Copyright #</u>
Summer 2001	6/14/2001		
Jul-01	6/11/2001		
Jun-01	5/14/2001		
Summer 2001 Prospect	5/14/2001		
May Estate Sale	4/30/2001	pending	
Apr-01	4/16/2001	pending	
Spring 2001	3/12/2001	pending	
May-01	3/12/2001	pending	
Feb-01	2/5/2001	pending	
Jan-01	1/2/2001	pending	
Spring Preview 2001	1/2/2001	pending	
Dec-00	11/27/2000	pending	
Holiday 2000	11/6/2000	pending	
Holiday Preview 2000	11/6/2000	pending	
Nov-00	10/16/2000	pending	
Oct-00	10/16/2000	pending	
Winter 2000	9/18/2000	pending	
September 2000	8/21/2000	9/15/2000	TX5205763
Early Fall 2000	7/24/2000	9/15/2000	TX5205762
August 2000	7/24/2000	9/15/2000	TX5205761
Estate Sale June 2000	6/26/2000	9/15/2000	TX5205760
Summer 2000	5/22/2000	5/15/2000	TX5098133
Jun-00	5/22/2000	5/15/2000	TX5098134
May-00	4/24/2000	5/15/2000	TX5202425
Spring Preview 2000	3/27/2000	4/2/2000	TXu927542
Apr-00	3/27/2000	4/3/2000	TXu927541/TX5110403
Mar-00	2/28/2000	4/3/2000	TXu927540/bx5110404
Feb-00		1/28/2000	TX5057769
Jan-00		1/28/2000	TX5058696
Dec-99		pending	
Nov-99		pending	
Oct-99		pending	
Sep-99		pending	
Aug-99		9/17/1999	TX5019140
Jul-99		9/17/2000	TX5019141
Jun-99		12/15/1999	TX5058911
May-99		12/15/2000	TX5038674
Mar-99		3/19/1999	TX4869323
Jan-99		3/19/1999	TX4918850
Holiday Preview 98		3/19/1999	TX4869322
Sep-98		3/19/1999	TX4869321
Jul-98		8/18/1998	TX4762545
Apr-98		8/18/1998	TX4762697
Jan-98		4/18/1998	TX4763048

FINANCING STATEMENT - FOLLOW INSTRUCTIONS CAREFULLY

This Financing Statement is presented for filing pursuant to the Uniform Commercial Code and will remain effective, with certain exceptions, for 5 years from date of filing.

A. NAME & TEL. # OF CONTACT AT FILER (optional)		B. FILING OFFICE ACCT. # (optional)			
C. RETURN COPY TO: (Name and Mailing Address)					
PARASEARCH INC. 222 Jefferson Boulevard Warwick, RI 02888 (401) 732-2490 Fax: (401) 739-7708					
D. OPTIONAL DESIGNATION (if applicable): LESSOR/LESSEE CONSIGNOR/CONSIGNEE NON-UCC FILING					
1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b)					
O R	1a. ENTITY'S NAME Ballard Designs, Inc.				
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 1670 DeFoor Avenue, NW		CITY Atlanta	STATE GA	COUNTRY USA	POSTAL CODE 30318
1d. S.S. OR TAX I.D. #	OPTIONAL ADD'L INFO. RE: ENTITY DEBTOR	1e. TYPE OF ENTITY	1f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION	1g. ENTITY'S ORGANIZATIONAL I.D. #, if any <input type="checkbox"/> NONE	
2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b)					
O R	2a. ENTITY'S NAME				
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	COUNTRY USA	POSTAL CODE
2d. S.S. OR TAX I.D. #	OPTIONAL ADD'L INFO. RE: ENTITY DEBTOR	2e. TYPE OF ENTITY	2f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION	2g. ENTITY'S ORGANIZATIONAL I.D. #, if any <input type="checkbox"/> NONE	
3. SECURED PARTY'S (ORIGINAL S/P OR ITS TOTAL ASSIGNEE) EXACT FULL LEGAL NAME - insert only one secured party name (3a or 3b)					
O R	3a. ENTITY'S NAME FLEET CAPITAL CORPORATION (FOR ITSELF AND/OR AS AGENT)				
	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS ONE FINANCIAL PLAZA		CITY PROVIDENCE	STATE RI	COUNTRY USA	POSTAL CODE 02903

4. This FINANCING STATEMENT covers the following types or items of property: All goods, equipment, inventory, accounts, chattel paper, documents, instruments, contract rights, investment property, deposit accounts, letter of credit rights, supporting obligations, trademark applications, trademarks, patent applications, patents, patents pending, and general intangibles in which the Debtor now or hereafter has rights and wherever the same may be located, whether now owned or hereafter acquired or arising, and the proceeds, products and income of any of the foregoing, including insurance proceeds, and each of the following: a) all of Debtor's present and trademarks, trademark registrations, tradenames and trademark applications, whether or not now or hereafter filed with the U.S. Patent and Trademark office, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or used in the United States, any state, territory or possession thereof or any other country, including, without limitation, (i) any renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto including without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (v), all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and trademark applications, together with the items described in clauses (i)-(iv) above are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"), including but not limited to the Trademarks listed on the Exhibit A attached hereto; and b) the goodwill of Debtor's business connected with or symbolized by the Trademarks.

Account #: Cornerstone Brands, Inc. File: S/S: Town/County: Butler County

5. CHECK <input type="checkbox"/> This FINANCING STATEMENT is signed by the Secured Party instead of the Debtor to perfect a security interest (a) in collateral already subject to a security interest in another jurisdiction when it was brought into this state, or when the debtor's location was changed to this state, or (b) in accordance with other statutory provisions (additional data may be required)		7. If filed in Florida (check one) <input type="checkbox"/> Documentary stamp tax paid <input type="checkbox"/> Documentary stamp tax not applicable	
6. REQUIRED SIGNATURE(S) Signature: <i>John V. Schaefer</i> Printed Name/Title: John V. Schaefer		8. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attach Addendum (If applicable)	
Signature: <i>Catherine M. Smith, AVR</i> Printed Name/Title: Catherine M. Smith, AVR		9. Check to REQUEST SEARCH CERTIFICATE(S) on Debtor(s) (ADDITIONAL FEE) (optional) <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2	

Last modified on: 06/12/2001

Exhibit A
Additional Collateral Schedule

Service Marks Owned by Ballard Designs, Inc.

Mark	Country	Serial No.	Filing Date	Goods or Services	Status
MISCELLANEOUS DESIGN column logo	European Community	761882	02/26/98	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Suspended
MISCELLANEOUS DESIGN column logo	Japan	10-30757	04/09/98	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Awaiting Certificate of Registration
✓ QUEEN BEE ANTIQUES	United States	76/070954	08/25/99	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Approved for Publication
✓ QUEEN BEE ANTIQUES and Design	United States	75/784608	08/25/99	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Statement of Use to be filed and accepted by 09/06/01

Service Marks Owned by Ballard Designs, Inc.

Mark	Country	Regis. No.	Regis. Date	Goods or Services	Status
BALLARD DESIGNS	European Community	728436	06/07/00	Dissemination of advertising materials in the form of catalogues or by electronic means	Renewal due 01/22/08
BALLARD DESIGNS	Japan	4454306	02/23/01	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Renewal due 02/23/11
BALLARD DESIGNS	United States	2192388	09/29/98	Mail order services, mail order catalog services and providing onsite retail services all in the field of home and garden furnishings and accessories	Section 8 Affidavit due 09/29/04
BALLARD'S BACKROOM	United States	2221509	02/02/99	Mail order services, mail order catalog services and providing onsite retail services all in the field of home and garden furnishings and accessories	Section 8 Affidavit due 02/2/04
MISCELLANEOUS DESIGN column logo	United States	2193876	10/06/98	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Section 8 Affidavit due 10/06/04

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**Exhibit A
Additional Collateral Schedule page 3**

BALLARD DESIGNS

<u>Publication Date</u>	<u>Mail Date</u>	<u>Effective Date</u>	<u>Copyright #</u>
Summer 2001	6/14/2001		
Jul-01	6/11/2001		
Jun-01	5/14/2001		
Summer 2001 Prospect	5/14/2001		
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Spring 2001	3/12/2001	pending	
May-01	3/12/2001	pending	
Feb-01	2/5/2001	pending	
Jan-01	1/2/2001	pending	
Spring Preview 2001	1/2/2001	pending	
Dec-00	11/27/2000	pending	
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Holiday Preview 2000	11/6/2000	pending	
Nov-00	10/16/2000	pending	
Oct-00	10/16/2000	pending	
Winter 2000	9/18/2000	pending	
September 2000	8/21/2000	9/15/2000	TX5205763
Early Fall 2000	7/24/2000	9/15/2000	TX5205762
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Apr-00	3/27/2000	4/3/2000	TXu927541/TX5110403
Mar-00	2/28/2000	4/3/2000	TXu927540/bx5110404
Feb-00		1/28/2000	TX5057769
Jan-00		1/28/2000	TX5058696
Dec-99		pending	
Nov-99		pending	
Oct-99		pending	
Sep-99		pending	
Aug-99		9/17/1999	TX5019140
Jul-99		9/17/2000	TX5019141
Jun-99		12/15/1999	TX5058911
May-99		12/15/2000	TX5038674
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Jan-99		3/19/1999	TX4918850
Holiday Preview 98		3/19/1999	TX4869322
Sep-98		3/19/1999	TX4869321
Jul-98		8/18/1998	TX4762545
Apr-98		8/18/1998	TX4762697
Jan-98		4/18/1998	TX4763048

FINANCING STATEMENT - FOLLOW INSTRUCTIONS CAREFULLY

This Financing Statement is presented for filing pursuant to the Uniform Commercial Code and will remain effective, with certain exceptions, for 5 years from date of filing.

A. NAME & TEL. # OF CONTACT AT FILER (optional)	B. FILING OFFICE ACCT. # (optional)
C. RETURN COPY TO: (Name and Mailing Address)	
PARASEARCH INC. 222 Jefferson Boulevard Warwick, RI 02888 (401) 732-2490 Fax: (401) 739-7708	
D. OPTIONAL DESIGNATION (if applicable): LESSOR/LESSEE CONSIGNOR/CONSIGNEE NON-UCC FILING	

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b)

O R 1a. ENTITY'S NAME
Ballard Designs, Inc.

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
----------------------------	------------	-------------	--------

1c. MAILING ADDRESS

1670 DeFoor Avenue, NW	CITY Atlanta	STATE GA	COUNTRY USA	POSTAL CODE 30318
------------------------	-----------------	-------------	----------------	----------------------

1d. S.S. OR TAX I.D. #	OPTIONAL ADD'L INFO. RE: ENTITY DEBTOR	1e. TYPE OF ENTITY	1f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION	1g. ENTITY'S ORGANIZATIONAL I.D. #, if any <input type="checkbox"/> NONE
------------------------	--	--------------------	---	---

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b)

O R 2a. ENTITY'S NAME

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
----------------------------	------------	-------------	--------

2c. MAILING ADDRESS

CITY	STATE	COUNTRY USA	POSTAL CODE
------	-------	----------------	-------------

2d. S.S. OR TAX I.D. #	OPTIONAL ADD'L INFO. RE: ENTITY DEBTOR	2e. TYPE OF ENTITY	2f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION	2g. ENTITY'S ORGANIZATIONAL I.D. #, if any <input type="checkbox"/> NONE
------------------------	--	--------------------	---	---

3. SECURED PARTY'S (ORIGINAL S/P OR ITS TOTAL ASSIGNEE) EXACT FULL LEGAL NAME - insert only one secured party name (3a or 3b)

O R 3a. ENTITY'S NAME
FLEET CAPITAL CORPORATION (FOR ITSELF AND/OR AS AGENT)

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
----------------------------	------------	-------------	--------

3c. MAILING ADDRESS

ONE FINANCIAL PLAZA	CITY PROVIDENCE	STATE RI	COUNTRY USA	POSTAL CODE 02903
---------------------	--------------------	-------------	----------------	----------------------

4. This FINANCING STATEMENT covers the following types or items of property: All goods, equipment, inventory, accounts, chattel paper, documents, instruments, contract rights, investment property, deposit accounts, letter of credit rights, supporting obligations, trademark applications, trademarks, patent applications, patents, patents pending, and general intangibles in which the Debtor now or hereafter has rights and wherever the same may be located, whether now owned or hereafter acquired or arising, and the proceeds, products and income of any of the foregoing, including insurance proceeds, and each of the following: a) all of Debtor's present and trademarks, trademark registrations, tradenames and trademark applications, whether or not now or hereafter filed with the U.S. Patent and Trademark office, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or used in the United States, any state, territory or possession thereof or any other country, including, without limitation, (i) any renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto including without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof. (iii) the right to sue for past, present and future infringements thereof, and (v), all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and trademark applications, together with the items described in clauses (i)-(iv) above are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"), including but not limited to the Trademarks listed on the Exhibit A attached hereto; and b) the goodwill of Debtor's business connected with or symbolized by the Trademarks.

.Account #: Cornerstone Brands, Inc. File: S/S: Ohio Town/County:

5. CHECK <input type="checkbox"/> This FINANCING STATEMENT is signed by the Secured Party instead of the Debtor to perfect a security interest BOX (if applicable) (a) in collateral already subject to a security interest in another jurisdiction when it was brought into this state, or when the debtor's location was changed to this state, or (b) in accordance with other statutory provisions (additional data may be required)	7. If filed in Florida (check one) <input type="checkbox"/> Documentary stamp tax paid <input type="checkbox"/> Documentary stamp tax not applicable
6. REQUIRED SIGNATURE(S) Signature: <i>John V. Schaeff</i> Printed Name/Title:	8. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attach Addendum (if applicable)
Signature: <i>Patricia M. Smith, A/P</i> Printed Name/Title:	9. Check to REQUEST SEARCH CERTIFICATE(S) on Debtor(s) (ADDITIONAL FEE) (optional) <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2

Exhibit A
Additional Collateral Schedule

Service Marks Owned by Ballard Designs, Inc.

Mark	Country	Serial No.	Filing Date	Goods or Services	Status
MISCELLANEOUS DESIGN column logo	European Community	761882	02/26/98	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Suspended
MISCELLANEOUS DESIGN column logo	Japan	10-30757	04/09/98	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Awaiting Certificate of Registration
✓ QUEEN BEE ANTIQUES	United States	76/070954	08/25/99	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Approved for Publication
✓ QUEEN BEE ANTIQUES and Design	United States	75/784608	08/25/99	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Statement of Use to be filed and accepted by 09/06/01

Service Marks Owned by Ballard Designs, Inc.

Mark	Country	Regis. No.	Regis. Date	Goods or Services	Status
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BALLARD DESIGNS	Japan	4454306	02/23/01	Mail order services, mail order catalogue services and providing onsite retail services all in the field of home and garden furnishings and accessories	Renewal due 02/23/11
BALLARD DESIGNS	United States	2192388	09/29/98	Mail order services, mail order catalog services and providing onsite retail services all in the field of home and garden furnishings and accessories	Section 8 Affidavit due 09/29/04
BALLARD'S BACKROOM	United States	2221509	02/02/99	Mail order services, mail order catalog services and providing onsite retail services all in the field of home and garden furnishings and accessories	Section 8 Affidavit due 02/2/04
MISCELLANEOUS DESIGN column logo	United States	2193876	10/06/98	Retail stores, mail order services, and mail order catalog services featuring home and garden furnishings and accessories	Section 8 Affidavit due 10/06/04

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**Exhibit A
Additional Collateral Schedule page 3**

BALLARD DESIGNS

<u>Publication Date</u>	<u>Mail Date</u>	<u>Effective Date</u>	<u>Copyright #</u>
Summer 2001	6/14/2001		
Jul-01	6/11/2001		
Jun-01	5/14/2001		
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Holiday 2000	11/6/2000	pending	
Holiday Preview 2000	11/6/2000	pending	
Nov-00	10/16/2000	pending	
Oct-00	10/16/2000	pending	
Winter 2000	9/18/2000	pending	
September 2000	8/21/2000	9/15/2000	TX5205763
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Feb-00		1/28/2000	TX5057769
Jan-00		1/28/2000	TX5058696
Dec-99		pending	
Nov-99		pending	
Oct-99		pending	
Sep-99		pending	
Aug-99		9/17/1999	TX5019140
Jul-99		9/17/2000	TX5019141
Jun-99		12/15/1999	TX5058911
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Sep-98		3/19/1999	TX4869321
Jul-98		8/18/1998	TX4762545
Apr-98		8/18/1998	TX4762697
Jan-98		4/18/1998	TX4763048

UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1 (Revised 1/1/1995)

PO BOX 716
ARJOKA, MN, 55303
(612) 421-713

94958

Form must be typed. Read instructions on back before filling out form.

THIS FINANCING STATEMENT IS PRESENTED TO A FILING OFFICER FOR FILING PURSUANT TO THE UNIFORM COMMERCIAL CODE, STATE OF GEORGIA.

1A. Debtor Name and Mailing Address: Individual (Last, First, Middle Name)

BALLARD DESIGNS, INC.

Business (Legal Business Name)

1670 DeFoor Avenue, NW

Atlanta, GA 30318

Acct# Cornerstone Brands, Inc.

File: ~~Fulton County, GA~~ Fulton County, GA

1B. Enter Social Security /Tax ID # _____ Check if exempt under Item 6

2A. Debtor Name and Mailing Address: Individual (Last, First, Middle Name)

Business (Legal Business Name)

2B. Enter Social Security /Tax ID # _____ Check if exempt under Item 6

3A. Debtor Name and Mailing Address: Individual (Last, First, Middle Name)

Business (Legal Business Name)

3B. Enter Social Security /Tax ID # _____ Check if exempt under Item 6

4. Secured Party Name and Mailing Address: Individual (Last, First, Middle Name)

FLEET CAPITAL CORPORATION

Business (Legal Business Name)

FOR ITSELF AND/OR AS AGENT

One Financial Plaza, 5th Floor

Providence, RI 02903

ABOVE SPACE FOR RECORDING INFORMATION ONLY

5. Assignee Name and Mailing Address

Individual (Last, First, Middle Name)

Business (Legal Business Name)

6. Exceptions for Social Security/Tax ID# — O.C.G.A. 11-9-402(9): Financing Statement file perfect a security interest in collateral already subject to a security interest in another jurisdiction when it is brought into this state or when the debtor's location is changed to this state, or the del is not required to have such a number.

7. Check Only if BOTH: (i) Collateral is consumer goods as defined in O.C.G.A. 11-9-109. (ii) the secured obligation is originally \$5,000 or less, and give maturity date (MONTH/YD YEAR) or state "None" _____

8. Check ONLY if applicable.

A. Collateral on Consignment.

B. Collateral on Lease.

9A. This financing statement covers the following types or items of collateral:

See Schedule A attached hereto and made a part hereof.

9C. Enter collateral code(s) from back form that best describes collateral covered by this filing:

9D. Number of additional sheets presented: _____

9B. Products of collateral are also covered.

10. Check if applicable and include reasonable description of the real estate in Item 9A:

A. Crops growing or to be grown. B. Minerals or the like (including oil and gas) or accounts subject to O.C.G.A. 11-9-103(5). C. Fixture filing pursuant to O.C.G.A. 11-9-313.

11. Name of the Record Owner(s) or Record Lessee(s) (if debtor does not have an interest of record in the real estate):

12. County or Counties in which the affected real estate is located (Must be identified if filing covers crops, mineral or fixtures):

13. This statement is filed without the debtor's signature to perfect a security interest in collateral (check only if applicable):

A. already subject to a security interest in another jurisdiction when it was brought into this state or debtor's location changed to this state;

B. which is proceeds of the original collateral described above in which a security interest was perfected;

C. as to which the filing has lapsed;

D. acquired after a change of debtor's name, identity or corporate structure; or

E. described in a security agreement / real estate mortgage attached hereto in accordance with O.C.G.A. 11-9-402(1).

14. Signature(s) of Debtor(s)

BALLARD DESIGNS, INC.

John V. Schaef

15. Signature(s) of Secured Party(ies)

FLEET CAPITAL CORPORATION

Patricia M. Smith, AVP

Copy To: Name and Address

STATE OF GEORGIA - FINANCING STATEMENT
UCC-1 (REVISED 1/1/1995)

TRADEMARK TYPED.
READ INSTRUCTIONS ON BACK

REEL: 002344 FRAME: 0123



Schedule A
1
To
UCC Financing Statement

All goods, equipment, inventory, accounts, chattel paper, documents, instruments, contract rights, investment property, deposit accounts, letter of credit rights, supporting obligations, trademark applications, trademarks, patent applications, patents, patents pending, and general intangibles in which the Debtor now or hereafter has rights and wherever the same may be located, whether now owned or hereafter acquired or arising, and the proceeds, products and income of any of the foregoing, including insurance proceeds, and each of the following:

a) all of Debtor's present and trademarks, trademark registrations, tradenames and trademark applications, whether or not now or hereafter filed with the U.S. Patent and Trademark office, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or used in the United States, any state, territory or possession thereof or any other country, including, without limitation, (i) any renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable with respect thereto including without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (v), all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and trademark applications, together with the items described in clauses (i)-(iv) above are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"), including but not limited to the Trademarks listed on the Exhibit A attached hereto; and

(b) the goodwill of Debtor's business connected with or symbolized by the Trademarks.

Dated as of: June 11, 2001

Fleet Capital Corporation

By: _____
Name: _____
Title: _____

Ballard Designs, Inc.

By: John V. Schaefer
Name: John V. Schaefer
Title: Vice President

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Additional Collateral Schedule

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Mar-99		3/19/1999	TX4869323
Jan-99		3/19/1999	TX4918850
Holiday Preview 98		3/19/1999	TX4869322
Sep-98		3/19/1999	TX4869321
Jul-98		8/18/1998	TX4762545
Apr-98		8/18/1998	TX4762697
Jan-98		4/18/1998	TX4763048

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June 22, 2001

Commissioner of Patents
& Trademarks
Box Assignments
Washington, D.C. 20231

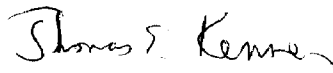
Re: BALLARD DESIGNS - Reg. No. 2,192,388
MISCELLANEOUS DESIGN - 2,193,876
BALLARD'S BACKROOM - 2,221,509
QUEEN BEE ANTIQUES AND DESIGN - Ser. No. 75/784608
QUEEN BEEN ANTIQUES - Ser. No. 76/070954

Dear Sir/Madam:

In connection with the above-referenced trademarks and applications, I have enclosed a Trademark Recordation Form Cover Sheet, the Additional Security Agreement, and a check in the amount of \$140.00 to cover the filing fee. Please record the security agreement in connection with the trademarks and applications.

Thank you for your attention to this matter, and please contact me if you have any questions.

Very truly yours,



Thomas E. Kenney