

12-05-2001

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)



T U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

10-49

1. Name of conveying party(ies):
National Spinning Operations, LLC

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other North Carolina limited liability company

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

2. Name and address of receiving party(ies)
Name: Foothill Capital Corporation,
Internal
Address: as Administrative Agent

Street Address: 2450 Colorado Avenue, #3000 West
City: Los Angeles State: CA Zip: 90025

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State California
 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: November 9, 2001

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
None

B. Trademark Registration No.(s)
1,472,338; 1,382,381; 1,898,865

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Susan Lake
 Internal Address: King & Spalding

 Street Address: 191 Peachtree Street

 City: Atlanta State: GA Zip: 30303

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41).....\$ 90.00
 expedite fee 120.00
 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.

Susan Lake Susan Lake November 9, 2001
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 8

12/05/2001 6TON11 0000039 1472338

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

01 FC:481 40.00 OP
02 FC:482 50.00 OP
03 FC:484 120.00 OP

TRADEMARK
REEL: 002378 FRAME: 0037

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of November 9, 2001, executed by NATIONAL SPINNING OPERATIONS, LLC, a North Carolina limited liability company ("Grantor"), in favor of FOOTHILL CAPITAL CORPORATION, a California corporation, as administrative agent ("Agent"), on its behalf and on behalf of the Lenders signatory thereto (the "Lenders") from time to time party to Loan and Security Agreement, dated as of December 8, 2000 (as amended, restated, supplemented, or otherwise modified from time to time, the "Loan Agreement") among National Spinning Co., Inc., a New York corporation ("Parent"), and each of Parent's Subsidiaries that are party thereto (either originally or through a subsequent joinder), the Lenders, and the Agent. Capitalized terms used in this Agreement shall have the meanings set forth in the Loan Agreement unless specifically defined herein.

WITNESSETH:

WHEREAS, pursuant to the Loan Agreement, the Lenders and the Agent have established a revolving credit facility and made a term loan to the Borrowers, including without limitation Grantor;

WHEREAS, pursuant to the Loan Agreement, Grantor has granted to Agent, for its benefit and for the benefit of the Lenders, a continuing security interest in all of its right, title, and interest in all currently existing and hereafter acquired or arising Personal Property Collateral, including, without limitation, (a) all of Grantor's Trademarks (as herein defined), whether presently existing or hereafter acquired or arising, or in which Grantor now has or hereafter acquires rights and wherever located; (b) all of Grantor's Trademark Licenses (as herein defined), whether presently existing or hereafter acquired or in which Grantor now has or hereafter acquire rights and wherever located; and (c) all products and proceeds any of the foregoing, as security for all of the Obligations; and

WHEREAS, Grantor has acquired certain additional Trademarks (as defined below) and is obligated to execute and deliver this Agreement to Agent with respect to such Trademarks (as defined below);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. For purposes of this Agreement and in addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings herein specified (such meaning to be equally applicable to both the singular and plural forms of the terms defined):

“Trademark License” means any written agreement now or hereafter in existence granting to Grantor any right to use any Trademark, including, without limitation, the agreements listed on Schedule I attached hereto.

“Trademarks” means all of the following: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof (except in any jurisdiction in which the grant of a security interest in trademarks is prohibited and except for any intent to use applications unless or until a statement of use or amendment to assert use has been filed with the United States Patent and Trademark Office), including, without limitation, those U.S. registrations and applications for registration listed on Schedule I attached hereto, together with all the rights, benefits and privileges derived therefrom and the goodwill of the business symbolized thereby, (ii) all renewals thereof and (iii) all proceeds of the foregoing.

2. As security for all of the Obligations, Grantor hereby grants and conveys a security interest to the Agent, for its benefit and the benefit of the Lenders, in, and collaterally assigns, pledges, mortgages and hypothecates to the Agent, for its benefit and the benefit of the Lenders, all of its right, title and interest in, to and under the following (collectively, the “Property”):

(a) each Trademark now or hereafter owned by Grantor or in which Grantor now has or hereafter acquires rights (other than Trademark Licenses) and wherever located (except any jurisdiction in which the grant of a security interest in trademarks is prohibited) and the goodwill of the business of Grantor relating thereto or represented thereby, including, without limitation, each U.S. registration and application for registration of a Trademark referred to in Schedule I hereto; and

(b) each Trademark License now or hereafter held by Grantor or in which Grantor now has or hereafter acquires rights, to the extent each of the Trademark Licenses does not prohibit assignment or the granting of a security interest in the rights thereunder, and wherever located, including, without limitation, the Trademark Licenses, if any, referred to in Schedule I hereto; and

(c) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future

infringement of any Trademark or breach of Trademark Licenses, if any, including, without limitation, any Trademark or Trademark License referred to in Schedule I hereto.

Notwithstanding the foregoing or anything else contained in this Agreement to the contrary, the assignment set forth above shall not be effective as a transfer of title to the Property unless and until the Agent exercises the rights and remedies accorded to it under the Security Agreement and by law with respect to the realization upon its security interest in and collateral assignment of the Property, and until such time Grantor shall own, and may use and enjoy the Property in connection with its business operations, and exercise all incidents of ownership, including, without limitation, enforcement of its rights and remedies with respect to the Property, but with respect to all Property being used in Grantor's business, only in a manner consistent with the preservation of the current substance, validity, registration and the security interest and collateral assignment herein granted in such Property, provided, however, that the foregoing shall not impose an obligation on Grantor to continue to use any of the Property in Grantor's business to the extent that such Property is not necessary in the normal conduct of its business.

3. Grantor does hereby further acknowledge and affirm that the representations, warranties and covenants of Grantor with respect to the Property and the rights and remedies of the Agent with respect to the security interest in and collateral assignment of the Property made and granted hereby are more fully set forth in the Loan Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. This Agreement shall terminate upon termination of the Loan Agreement in accordance with Section 3.4 thereof. At any time and from time to time prior to such termination, the Agent may terminate its security interest in or reconvey to Grantor any rights with respect to any or all of the Property. Upon termination of this Agreement and following a request from Grantor, the Agent shall, at the expense of Grantor, execute and deliver to Grantor all deeds, assignments and other instruments as Grantor may reasonably request (but without recourse or warranty by the Agent) in order to evidence such termination.

5. If at any time before the termination of this Agreement in accordance with Section 4, Grantor shall obtain or acquire rights to any new Trademark or Trademark License, the provisions of Section 2 shall automatically apply thereto and Grantor shall comply with the terms of the Loan Agreement with respect to such new Trademark or Trademark License. Grantor authorizes the Agent to modify this Agreement by amending Schedule I to include any future Trademarks and Trademark Licenses covered by Section 2 or by this Section 5.

6. Grantor further agrees that (a) neither the Agent nor any Lender shall have any obligation or responsibility to protect or defend the Property and Grantor shall at its own expense protect, defend and maintain the same in accordance with the terms and conditions set forth in the Loan Agreement, (b) Grantor shall forthwith advise the Agent promptly in writing upon detection of infringements of any of the Property being used in Grantor's business and (c) if

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Grantor fails to comply with the requirements of the preceding clause (a), the Agent or any Lender may do so in Grantor's name or in its own name, but in any case at Grantor's expense, and Grantor hereby agrees to reimburse the Agent and the Lenders for all expenses, including attorneys' fees, incurred by the Agent and the Lenders in protecting, defending and maintaining the Property.

7. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA, EXCEPT TO THE EXTENT THAT PERFECTION (AND THE EFFECT OF PERFECTION AND NONPERFECTION) AND CERTAIN REMEDIES MAY BE GOVERNED BY THE LAWS OF ANY JURISDICTION OTHER THAN GEORGIA.

[Signatures on following page]

FOOTHILL CAPITAL CORPORATION,
as Agent

By: *Robert Bernier*
Name: ROBERT BERNIER
Title: VP

[Signature]

Witness

[Signature]

Witness

STATE OF GEORGIA)
) ss.:
COUNTY OF FULTON)

On the 13 day of November, 2001 before me personally came Robert Bernier, to me personally known and known to me to be the person described in and who executed the foregoing instrument as the Vice President of Foothill Capital Corporation, who being by me duly sworn, did depose and say that he is the Vice President of Foothill Capital Corporation, the corporation described in and which executed the foregoing instrument; that the said instrument was signed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.



[NOTARIAL SEAL]

Amy L. Grosklags
Notary Public

My Commission Expires:
09/06/02

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed under seal by its duly authorized officers as of the date first above written.

NATIONAL SPINNING OPERATIONS, LLC

By: William Ward
Name, Title

William Ward, Vice President of Finance

Jinda D. Yeatts
Witness

[Signature]
Witness

STATE OF NORTH CAROLINA)
GEORGIA)
COUNTY OF BEAUFORT) ss.:
FULTON)

On the 19 day of November, 2001 before me personally came William Ward, to me personally known and known to me to be the person described in and who executed the foregoing instrument as the V.P./CFO of National Spinning Operations, LLC, who being by me duly sworn, did depose and say that he is the V.P./C.F.O. of National Spinning Operations, LLC, the corporation described in and which executed the foregoing instrument; that the said instrument was signed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.

Nancy J. Modli
Notary Public

My Commission Expires: 11/30/2005

[NOTARIAL SEAL]

Schedule I
to Trademark Security Agreement

NATIONAL SPINNING OPERATIONS, LLC

REGISTERED U.S. TRADEMARKS

<i>TRADEMARK</i>	<i>SERIAL/ REGISTRATION NO.</i>	<i>FILING/ REGISTRATION DATE</i>	<i>STATUS</i>
Ultraspun	1,472,338	1-12-88	Registered
Krinklespun	1,382,381	2-1-86	Registered
Ultraspan II	1,898,865	6-13-95	Registered

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