



10-18-2001



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

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

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

1. Name of conveying party(ies): Fleet Capitol Corporation (successor agent to Bank Boston, N.A.) 10/10/01

2. Name and address of receiving party(ies): Name: Hartwell Industries, Inc. Internal Address: Street Address: 97 Winfield Circle City: Hartwell State: Georgia Zip: 30643

3. Nature of conveyance: Other Release for Security Interest Execution Date: August 16, 2000

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) 2,126,759 - 2,060,162 - 1,267,273 - 1,770,818

6. Total number of applications and registrations involved: 4

5. Name and address of party to whom correspondence concerning documents should be mailed: Name: Herbert Cohen, Esq. Internal Address: Blank Rome Comisky & McCauley LLP Street Address: 900 17th Street, NW Suite 1000 City: Washington State: DC Zip: 20006

7. Total fee (37 CFR 3.41) \$ 115.00 8. Deposit account number: 23-2185 (for overpayment or any deficiency)

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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. Herbert Cohen Name of Person Signing Signature Date: October 10, 2001

10/17/2001 DBYRNE 00000152 2126759 01 FC:481 02 FC:482 40.00 OP 75.00 OP

Total number of pages including coversheet, attachments, and document: 13 Mail documents to be recorded with required coversheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

August 16, 2000

Hartwell Sports, Inc.
Katzenberg Brothers, Inc.
Embroidery Services, Inc.
Century Place, Inc.
Desert Heat, Inc.
Hartwell Industries, Inc.
97 Winfield Circle
Hartwell, Georgia 30643
Attention: President

Re: Amended and Restated Loan and Security Agreement, dated as of November 14, 1997 (as at any time amended, the "Loan Agreement"), among Hartwell Sports, Inc., Katzenberg Brothers, Inc., Embroidery Services, Inc., Century Place, Inc., and Desert Heat, Inc. (collectively, "Borrowers"), Hartwell Industries, Inc. ("Guarantor"), various financial institutions parties thereto as lenders (collectively, "Lenders"), and Fleet Capital Corporation (successor agent to BankBoston, N.A.), in its capacity as administrative and collateral agent for Lenders (in such capacity, "Agent")

Ladies and Gentlemen:

Borrowers have advised Agent of the proposed sale by Century Place, Inc. ("Company") to Smith Acquisition II, Inc., a North Carolina corporation ("Buyer"), of certain property of Company pursuant to that certain Asset Purchase Agreement (the "Asset Sale Agreement") dated July 26, 2000, among Company, Buyer, Jeffrey Smith ("Smith") and Guarantor. Borrowers have requested that Agent release its security interest in and lien upon the assets of Company described in Exhibit A attached to this letter to be sold to Buyer under the Asset Sale Agreement (the "Released Assets").

The Released Assets are expressly and strictly limited to those described on Exhibit A and do not include any other assets of Company or of any other Borrower or Guarantor, including, without limitation, Company's accounts receivable or cash.

Agent understands that the purchase price for the Released Assets to be paid on the Closing Date (as defined in the Asset Sale Agreement) by Buyer to Company, in cash or immediately available funds, totals as reduced or increased to reflect the amount of Company's Working Capital (as defined in the Asset Sale

Hartwell Sports, Inc.
Katzenberg Brothers, Inc.
Embroidery Services, Inc.
Century Place, Inc.
Desert Heat, Inc.
Hartwell Industries, Inc.
August 16, 2000
Page 2

Agreement) above or below as provided in the Asset Sale Agreement (the "Purchase Price").

Simultaneously, Guarantor will purchase all of the stock in Guarantor that was issued to Smith (the "Smith Shares") and to Scott Crawley (the "Crawley Shares") and Smith will deliver to Guarantor for cancellation the Promissory Note, dated as of May 5, 1998, in the original principal amount of _____, executed by Company and payable to the order of Smith (the "Smith Note").

By its execution of this letter, Agent agrees to release Agent's security interest in and liens upon the Released Assets, on the terms and subject to satisfaction of the conditions set forth below:

1. **Conditions Precedent.** Agent's agreement to release its liens upon the Released Assets shall be subject to satisfaction of the following conditions precedent on or before August 17, 2000:

(a) Agent receives on the Closing Date from the proceeds of the sale of the Released Assets, in cash or immediately available funds, for distribution as described in paragraph 3 below, an amount (the "Release Price") equal to the Purchase Price, less _____ that is placed in escrow in accordance with the Escrow Agreement (as defined below);

(b) Agent receives assurances satisfactory to Agent that Company has received an affidavit of lost note from Smith with respect to the Smith Note, and that Guarantor has received stock certificates evidencing all of the Smith Shares and all of the Crawley Shares accompanied by stock powers duly executed in blank for transfer on the books of Guarantor;

(c) Agent receives the following, each in form and substance satisfactory to Agent:

(i) a copy of disbursement instructions signed by Company directing Buyer to pay the Purchase Price and any and all amounts (the "Post-Closing Purchase Price Adjustment Amounts") payable to Company as an adjustment to the Purchase Price under the Asset Sale Agreement, as

Hartwell Sports, Inc.
Katzenberg Brothers, Inc.
Embroidery Services, Inc.
Century Place, Inc.
Desert Heat, Inc.
Hartwell Industries, Inc.
August 16, 2000
Page 3

and when payable to Company, directly to Agent for distribution as described in paragraph 3 below;

(ii) an amendment to the Loan Agreement, fully executed by Borrowers and Lenders and acknowledged by Guarantor, providing for a reduction of the Revolving Credit Facility from \$ _____ 00 and of the Inventory sub-line from \$ _____ 0, effective on the Closing Date and a further reduction of the Revolving Credit Facility from _____ to _____ effective on the 90th day after the Closing Date;

(iii) evidence that Trivest Fund I, Ltd. ("Trivest") and Rice Partners II, L.P. ("Rice") have released their respective security interests in and liens upon the Released Assets; and

(iv) a copy of the Escrow Agreement among Buyer, Smith, Company and Wishart, Norris, Henninger & Pittman, P.A., as escrow agent (the ~~Escrow Agent~~), dated the Closing Date, pursuant to which _____) (the ~~Deposit~~) is deposited in escrow with the Escrow Agent pending Buyer's and Company's agreement to the ~~Closing Date Balance Sheet~~ under (and as defined in) the Asset Sale Agreement and directing disbursement to Agent of any portion of the Deposit or earnings thereon that is payable to Company.

(d) Prior to the Closing Date, Agent has not accelerated the maturity or demanded payment of the Obligations under (and as defined in) the Loan Agreement, whether or not any Borrower has received notice of such acceleration or demand for payment.

Nothing in this letter shall relieve Borrowers of their obligation to collect and remit, and Borrowers shall collect and remit to the proper tax authorities, any sales tax in connection with the sale to the extent required by applicable law.

Hartwell Sports, Inc.
Katzenberg Brothers, Inc.
Embroidery Services, Inc.
Century Place, Inc.
Desert Heat, Inc.
Hartwell Industries, Inc.
August 16, 2000
Page 4

The Release Price should be wired to Agent (for distribution as described in paragraph 3 below) as follows:

Fleet Bank
One Constitution Plaza
Hartford, Connecticut
For the account of:
Fleet Capital Corporation
ABA #011 900 571
Account #936 933 7552
Ref: Hartwell Sports, Inc.

Hartwell Sports, Inc.
 Katzenberg Brothers, Inc.
 Embroidery Services, Inc.
 Century Place, Inc.
 Desert Heat, Inc.
 Hartwell Industries, Inc.
 August 16, 2000
 Page 5

2. Form of Release. The release of Agent's security interest in the Released Assets shall be a UCC-3 partial release in the form of Exhibit B attached hereto with respect to the following UCC-1 financing statements:

<u>Filing Location</u>	<u>Filing Date</u>	<u>Filing Number</u>
Hart County, Georgia	June 9, 1998	073-98-797
North Carolina Secretary of State	May 14, 1998	19980025142
Rowan County, North Carolina	May 13, 1998	980648
Rowan County, North Carolina	May 13, 1998	980647
Lincoln County, North Carolina	May 12, 1998	1998-450

Buyer or Borrowers will assume sole responsibility for filing the partial releases and shall bear all costs of such filings.

Except for its release of its security interest in the Released Assets, Agent shall retain all of its liens upon, security interests in and claims to all other property of Company, the other Borrowers or any other person or entity that secures the whole or any part of the Obligations.

3. Application of Purchase Price and Post-Closing Purchase Price Adjustment Amounts. Borrowers and Guarantor acknowledge that Agent may distribute the monies received by it from Buyer in connection with the sale of the Released Assets as follows:

a. From the monies received by Agent from Buyer on or about the Closing Date:

(i) to Rice and to Trivest under the Amended and Restated Intercreditor Agreement dated as of June 15, 2000, among Trivest, Rice and Agent;

(ii) to the Lenders for application to the Secured Obligations under (and as defined in) the Loan Agreement, as follows: \$ to Term Loan A and to the Revolver Facility; and

AUG 16 '00 11:27AM FLEET CAPITAL SELA

P.7/13

Hartwell Sports, Inc.
Katzenberg Brothers, Inc.
Embroidery Services, Inc.
Century Place, Inc.
Desert Heat, Inc.
Hartwell Industries, Inc.
August 16, 2000
Page 6

b. From any monies received by Agent from Buyer as Post-Closing Purchase Price Adjustment Amounts, to the Lenders for application to such of the Secured Obligations as Agent and Lenders may elect.

4. Expense Reimbursement. Borrowers shall promptly reimburse Agent for all costs and expenses (including legal fees) incurred by Agent in connection with the preparation of this letter and the exhibits hereto and the consummation of the transactions herein described.

5. Post-Closing Purchase Price Adjustment Amounts. Each Borrower acknowledges that Buyer is to pay any and all Post-Closing Purchase Price Adjustment Amounts, as and when payable to Company, directly to Agent, but agrees that each Borrower shall immediately deliver to Agent any Post-Closing Purchase Price Adjustment Amounts, if received by such Borrower. Notwithstanding the foregoing, the Post-Closing Purchase Price Adjustment Amounts shall not constitute any part of the Release Price and payment of such amounts shall not affect Agent's consent to release of its security interest in the Released Assets.

If this letter is acceptable to Borrowers and Guarantor, please evidence their agreement with the terms hereof by executing and returning the enclosed copy of this letter to Agent no later than 2:00 PM, Atlanta, Georgia time, on August 17, 2000. By its signature below, each Borrower and Guarantor agrees that Agent's security interest in and lien upon the Released Assets will not be released until all of the conditions to the release thereof have

TRADEMARK

REEL: 002384 FRAME: 0845

Hartwell Sports, Inc.
 Katzenberg Brothers, Inc.
 Embroidery Services, Inc.
 Century Place, Inc.
 Desert Heat, Inc.
 Hartwell Industries, Inc.
 August 16, 2000
 Page 7

been fully satisfied, including, without limitation, Agent's receipt of the full Purchase Price in cash or immediately available federal funds.

Very truly yours,

FLEET CAPITAL CORPORATION,
 as Agent

By: [Signature]
 Title: SVP

Accepted and agreed to, this
16th day of August, 2000:

HARTWELL SPORTS, INC.
 ("Borrower")

KATZENBERG BROTHERS, INC.
 ("Borrower")

By: [Signature]
 Title: _____

By: [Signature]
 Title: _____

ATTEST:

ATTEST:

 Secretary

 Secretary

[Signatures continued on following page]

AUG 16 '00 11:28AM FLEET CAPITAL SELA

P.9/13

Hartwell Sports, Inc.
Katzenberg Brothers, Inc.
Embroidery Services, Inc.
Century Place, Inc.
Desert Heat, Inc.
Hartwell Industries, Inc.
August 16, 2000
Page 8


EMBROIDERY SERVICES, INC.
("Borrower")

By: 
Title: _____

ATTEST:

Secretary

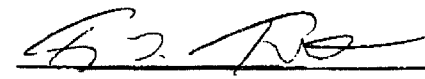
CENTURY PLACE, INC.
("Borrower")

By: 
Title: _____

ATTEST:

Secretary

DESERT HEAT, INC.
("Borrower")

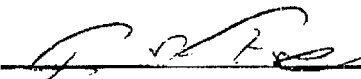
By: 
Title: _____

ATTEST:

Secretary

Consented to:

HARTWELL INDUSTRIES, INC.
("Guarantor")

By: 
Title: _____

ATTEST:

Secretary

AUG 16 '00 11:28AM FLEET CAPITAL SELA

P.10/13

EXHIBIT A**Description of Released Assets**

All of the following assets owned by Company:

(a) all raw materials, work-in-process, inventories and other materials of Company wherever located and including all inventory in transit or on order and not yet delivered, and all rights with respect to the processing and completion of any work-in-process of Company including the right to collect and receive charges for services performed by the Company with respect thereto but expressly not including any accounts receivable;

(b) all supplies, equipment, vehicles, machinery, furniture, fixtures, leasehold improvements and other tangible property used by Company in connection with its business, and Company's interest as lessee in any leases with respect to any of the foregoing;

(c) all of Company's right, title and interest in and to its Contracts;

(d) all proprietary knowledge, trade secrets, computer software and licenses, formulae, designs and drawings, quality control data, processes (whether secret or not), methods, inventions and other similar know-how or rights owned by Company, including, but not limited to, the areas of manufacturing, marketing, advertising and personnel training and recruitment, together with all other Intangible Rights owned by Company and used in connection with Company's business, including all files, manuals, documentation and source and object codes related thereto;

(e) all utility, security and other deposits and prepaid expenses of the Company;

(f) Company's business as a going concern and its franchises, permits and other authorizations of governmental authorities (to the extent such permits and other authorizations of governmental authorities are transferable) and third parties, licenses, telephone numbers, customer lists, vendor lists, referral lists and contracts, advertising materials and data, restrictive covenants, choses in action and similar obligations owing to Company from its present and former shareholders, officers, employees, agents and others, together with all books, operating data and records (including financial, accounting and credit records), files, papers, records and other data of Company;

(g) all rights of Company, if any, in and to all tradenames (including, but not limited to, the names "Century Place,"

AUG 16 '00 11:28AM FLEET CAPITAL SELA

P 11/13

"American Cottons," "Screenmates," "Great American Originals" and "Carolina Cottons"), trademarks and slogans used in its business, all variants thereof and all goodwill associated therewith;

(h) all rights to real property used by the Company; and

(i) all other property and rights of every kind or nature owned by the Company and used in the operation of its business.

but expressly excluding the following assets of Company:

- (1) the Purchase Price and other rights of the Company under the Asset Sale Agreement;
- (2) Company's corporate minute book and stock records;
- (3) Company's cash and cash equivalents;
- (4) Company's accounts receivable as of the Closing Date and the books and records related thereto; and
- (5) those assets specifically listed on Schedule 1.1(a) attached hereto.

AUG 16 '00 11:29AM FLEET CAPITAL SELA

P.12/13

Schedule 1.1(a)

All rights of Company, if any, arising out of or related to the Amended and Restated Loan and Security Agreement, dated as of November 14, 1997, among Hartwell Sports, Inc., Katzenberg Brothers, Inc., Embroidery Services, Inc., Company, Desert Heat, Inc., the Shareholder, and various financial institutions parties thereto as lenders, and Fleet Capital Corporation (successor agent to BankBoston, N.A.), in its capacity as administrative and collateral agent for Lenders.

AUG 16 '00 11:29AM FLEET CAPITAL SELA

P.13/13

EXHIBIT B**Release Language for UCC-3s**

Partial release of those types or items of property owned by Debtor that are described on Exhibit A attached hereto [attach copy of Exhibit A from release letter] as of the date of closing of the purchase and sale of such property under that certain Asset Purchase Agreement among Debtor, Smith Acquisition II, Inc., Jeffrey Smith and Hartwell Industries, Inc., dated July 25, 2000. This partial release does not include a release of any of Debtor's other assets, including, without limitation, any cash or accounts receivable.