

NRD 8-5-02

FORM PTO-1594 (Modified)
(Rev. 6-93)
OMB No. 0651-0011 (exp 4/94)
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TM05/REV03

08-08-2002

ET

Docket No.:

-Y



Tab settings

To the Honorable Commissioner of Pa

102182887

attached original documents or copy thereof.

1. Name of conveying party(ies):

General Electric Capital Corporation

- Individual(s)
- General Partnership
- Corporation-State **Delaware**
- Other

- Association
- Limited Partnership

Additional names(s) of conveying party(ies) Yes No

2. Name and address of receiving party(ies):

Name: Nazareth International, Inc.

Internal Address: _____

Street Address: 34 West 33rd Street - Suite 500

City: New York State: NY ZIP: 10001

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State **Delaware**
- Other

If assignee is not domiciled in the United States, a domestic designation is Yes N
(Designations must be a separate document from _____)
Additional name(s) & address(es) Yes N

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: May 2, 2002

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

<u>141,186</u>	<u>748,474</u>	<u>1,356,853</u>	<u>1,797,087</u>
<u>158,040</u>	<u>800,752</u>	<u>1,717,919</u>	<u>1,809,252</u>
<u>407,340</u>	<u>856,061</u>	<u>1,729,474</u>	

Additional numbers Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Gerald E. Hespos

Internal Address: _____

Street Address: 274 Madison Avenue - Suite 1703

City: New York State: NY ZIP: 10016

6. Total number of applications and registrations involved:.....

11

7. Total fee (37 CFR 3.41):.....\$ 290.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

03-1030

08/07/2002 LHWELLER 00000241 141186

DO NOT USE THIS SPACE

01 FC:481
02 FC:482

40.00 OP
250.00 OP

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.

Gerald E. Hespos

Name of Person Signing

Signature

July 29, 2002

Date

8

Total number of pages including cover sheet, attachments, and

TRADEMARK

REEL: 002557 FRAME: 0764

SECURED PARTY BILL OF SALE

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation having an office at Lee Farm Corporate Park, 83 Wooster Heights Road, Danbury, Connecticut 06810, in its capacity as secured party in possession pursuant to Section 9-610 of the New York Uniform Commercial Code (hereinafter "Secured Party"), as of this 2nd day of May, 2002, hereby sells, transfers and conveys to Nazareth International, Inc., a Delaware corporation, having an office located at 34 West 33rd Street, 5th Floor, New York, New York 10001 (hereinafter "Purchaser"), its successors and assigns, all of the right, title and interest of Nazareth/Century Mills, Inc., a Delaware corporation (hereinafter "Debtor"), in and to those certain assets and property of Debtor specifically described below (collectively, the "Transferred Assets"), in consideration of (i) *Two Million Five Hundred Ninety Thousand Three Hundred Forty and 49/100* the payment of _____ Dollars (*\$1,903,404.49*) in cash by Purchaser to Secured Party upon execution and delivery of this Secured Party Bill of Sale (this "Bill of Sale") in accordance with the instructions set forth below, (ii) the assignment to Secured Party of that certain 13.43% Promissory Note of Debtor dated as of June 7, 2001 originally issued to the order of London Pacific Life & Annuity Company in the principal amount of \$20,000 (as subsequently assigned to Purchaser), (iii) the assignment to Secured Party of that certain 10% Promissory Note of Debtor dated as of August 1, 2001 to the order of LPIMC Insurance Marketing Services in the principal amount of \$250,000 (as subsequently assigned to Purchaser), and (iv) the assignment to Secured Party of that certain 10% Promissory Note of Debtor dated as of April 15, 2002 to the order of

London Pacific in the principal amount of \$300,000 (as subsequently assigned to Purchaser) (collectively, the "Purchase Price"):

(a) all of the Debtor's current season's inventory located at Debtor's facilities at 101 Box Lane, Quitman, Mississippi, as more specifically listed on Schedule A attached hereto and made a part hereof (the "Inventory"); and

(b) certain of Debtor's tradenames, trademarks, goodwill, general intangibles and machinery and equipment, all as more specifically listed on Schedule A attached hereto and made a part hereof.

All monies received by Secured Party hereunder shall be applied to the payment of outstanding obligations owing by Debtor to Secured Party.

The sale provided for in this Bill of Sale is made by Secured Party as the holder of a security interest granted by Debtor to Secured Party in the Transferred Assets and pursuant to Section 9-610(a) of the New York Uniform Commercial Code. Upon execution and delivery of this Bill of Sale, the cash portion of the Purchase Price shall be delivered to Secured Party in immediately available funds by federal funds wire transfer to Secured Party's account in accordance with the following wire transfer instructions:

Bankers Trust Company
1 Bankers Trust Plaza
New York, New York
ABA #021-001-033
Account No. 50-232-854
Account Name: GECC/CAF Depository
Reference: Nazareth/Century Mills, Inc./CFB#

By its acceptance of this Bill of Sale, Purchaser does not assume and is in no manner liable for any obligations or liabilities of Debtor.

Secured Party represents and warrants to Purchaser that Secured Party has a valid, fully perfected first priority security interest in, and the right to sell, the Transferred Assets. Upon consummation of the transfer contemplated hereby, Purchaser will be vested with all of Debtor's rights in the Transferred Assets, free and clear of Secured Party's security interest therein and any subordinate security interest or other subordinate lien (other than liens created under any law of the State of New York that are not to be discharged) in accordance with the provisions of Section 9-617(a) of the New York Uniform Commercial Code. EXCEPT AS SPECIFICALLY PROVIDED FOR HEREIN, THE SALE, TRANSFER AND CONVEYANCE BY SECURED PARTY TO PURCHASER OF ALL OF THE DEBTOR'S RIGHT, TITLE AND INTEREST IN AND TO THE TRANSFERRED ASSETS AND PURCHASER'S PURCHASE OF THE TRANSFERRED ASSETS IS MADE "AS IS" AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, BY, OR RECOURSE TO, SECURED PARTY OF ANY KIND, NATURE OR DESCRIPTION WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES AND/OR REPRESENTATIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, PHYSICAL CONDITION, QUALITY OR VALUE.

Purchaser is not relying on Secured Party with respect to the existence or condition of the Transferred Assets or the accuracy of the descriptions or quantities of the Transferred Assets listed on Schedule A.

Purchaser acknowledges that it has inspected the Transferred Assets and has not been induced to purchase the Transferred Assets by representations or warranties given by Secured Party, except as expressly provided for herein.

By its acknowledgment hereof, Purchaser hereby agrees that (a) each item of Inventory will be hereafter sold only to the person for whom such item was previously produced by Debtor, and (b) it shall indemnify and hold Secured Party harmless from any and all losses and liabilities that Secured Party may incur as a result of Purchaser's failure to comply with same.

This Bill of Sale may be executed in multiple counterparts, each of which when executed shall constitute one and the same agreement.

IN WITNESS WHEREOF, Secured Party has executed and delivered this Bill of Sale on the date first above written.

GENERAL ELECTRIC CAPITAL CORPORATION

By: _____
Name: John Garvey
Its: Duly Authorized Signatory

ACCEPTED and AGREED:

NAZARETH INTERNATIONAL, INC.

By: Sandra J. Menichelli
Name: SANDRA J. MENICHELLI
Title: CEO

By its acknowledgment hereof, Purchaser hereby agrees that (a) each item of inventory will be hereafter sold only to the person for whom such item was previously produced by Debtor, and (b) it shall indemnify and hold Secured Party harmless from any and all losses and liabilities that Secured Party may incur as a result of Purchaser's failure to comply with same.

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GENERAL ELECTRIC CAPITAL CORPORATION

By: John Garvey
 Name: John Garvey
 Its: Duly Authorized Signatory

ACCEPTED and AGREED:

NAZARETH INTERNATIONAL, INC.

By: Sandra J. Menkwell
 Name: SANDRA J. MENKWELL
 Title: CFO

SCHEDULE A to Secured Party Bill of Sale

Finished Goods Inventory:

<u>Style #</u>	<u>Dozens</u>	<u>Price/Dz.</u>	
58C-9048A	110	\$28.30	\$3,113.00
58-9028	46	\$24.93	\$1,146.78
58C-9040	119	\$30.11	\$3,583.09
58C-9044	616	\$27.64	\$17,026.24
58C-9044A	70	\$22.30	\$1,561.00
58C-9044B	51	\$32.28	\$1,645.26
58C-9042P	533	\$28.64	\$15,265.12
Assorted	4,687	\$21.34	<u>\$100,000.00</u>
Total			\$143,340.49

Furniture and Equipment:

AT&T Globalyst 520 PC and Monitor		
Compaq Deskpro PC and Monitor		
Dell Optiplex 466/LE PC and Monitor		
Gateway FMN400C PC and Monitor		
Gateway GP6-433CSE PC and Monitor		
Gateway GP6-400CSE PC and Monitor		
IBM Thinkpad 2609 21U Laptop		
Toshiba Satellite Laptop - 2060		
Toshiba Satellite Laptop - 2060		
Epson 9000 Printer		
HP Deskjet 812C Printer		
(2) HP Deskjet 520 Printers		
(2) HP Deskjet 500 Printers		
(2) HP Deskjet 612C Printers		
(2) HP Deskjet 672C Printers		
Epson Stylus 760 Printer		
Epson FX2180 Printer		
HP Kayak XU Computer		
HP P1100 Monitor		
Umax Mirage Scanner 11SE		
Imomega Zip 250 MB		
Imomega Zip Jazz Drive		
Epson Stylus Pro 9000		
HP Deskjet 812C Printer		
10 Base T Ethernet Hub		
Lynksys Print Server		
HP Photosmart Digital Camera		
Subtotal		\$5,000.00
Office Furniture in New York Office		<u>\$2,000.00</u>
Total		\$7,000.00

SCHEDULE A to Secured Party Bill of Sale

Intangibles and Goodwill:

Trademarks-

<u>Trademark</u>	<u>Registration Number</u>
Dual Image	1,797,087
Nazareth	141,186
Nazareth	158,040
Nazareth & Design	407,340
Nazareth & Design	856,061
Next Wave	1,356,853
Precious Cargo	1,809,252
Riddles	1,717,919
Savage	800,752
Savage	1,729,474
Urban Surf	748,474

Intellectual property

Trade names

Trade dress

Trade secrets

Product development archives

Customer lists

Product specifications and records

Distribution contracts

Vendor contracts*

Customer contracts*

Goodwill*

All other intellectual property and intangibles

Total	\$2,440,000
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GRAND TOTAL

<u>\$2,590,340.49</u>

* - To the extent assignment of same is not prohibited by terms.