

12-17-2002

12-17-02

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005)



102313721

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

Tab settings

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

1. Name of conveying party(ies): FIELDCREST CANNON LICENSING, INC. 12-17-02
[] Individual(s) [] Association
[] General Partnership [] Limited Partnership
[] Corporation-State Delaware
[] Other
Additional name(s) of conveying party(ies) attached? [] Yes [x] No

2. Name and address of receiving party(ies)
Name: CONGRESS FINANCIAL CORPORATION, as Agent
Internal Address:
Address:
Street Address: 1133 Avenue of the Americas
City: New York State: NY Zip: 10036
[] Individual(s) citizenship
[] Association
[] General Partnership
[] Limited Partnership
[] Corporation-State Delaware
[] 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
[x] Security Agreement [] Change of Name
[] Other
Execution Date: 10/29/02

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) N/A
B. Trademark Registration No.(s) 1931681, 748703, 2354518, 2332392, 2235293
Additional number(s) attached [] Yes [x] No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Helen M. Linehan
Internal Address: Otterbourg, Steindler, Houston & Rosen, P.C.
Street Address: 230 Park Avenue
City: New York State: NY Zip: 10169

6. Total number of applications and registrations involved: 5
7. Total fee (37 CFR 3.41) \$ 140.00
[x] Enclosed
[] Authorized to be charged to deposit account
8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.
Helen M. Linehan
Name of Person Signing
Signature: Helen M. Linehan
Date: 12/16/02

Total number of pages including cover sheet, attachments, and document: 11

12/17/2002 LMJELLER 00000216 1931681

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

01 FC: 8521 40.00 OP
02 FC: 8522 100.00 OP

TRADEMARK REEL: 002634 FRAME: 0149

SUPPLEMENTAL TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

THIS SUPPLEMENTAL TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT ("Agreement"), dated as of October 29, 2002, is by and between FIELDCREST CANNON LICENSING, INC., a Delaware corporation ("Debtor"), and CONGRESS FINANCIAL CORPORATION, a Delaware corporation, in its capacity as agent (in such capacity, "Secured Party") pursuant to the Loan Agreement (as hereinafter defined) acting for and on behalf of the financial institutions which are parties thereto as lenders (each individually, a "Lender" and collectively, "Lenders").

W I T N E S S E T H :

WHEREAS, Debtor, certain affiliates of Debtor, Secured Party and Lenders have entered into financing arrangements pursuant to which Secured Party and Lenders have made and may make loans and advances and provide other financial accommodations to certain affiliates of Debtor as set forth in the Loan and Security Agreement, dated as of May 24, 2002, by and among Debtor, certain affiliates of Debtor, Secured Party and Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, the Guarantee (as defined below) and this Agreement (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements");

WHEREAS, Debtor has absolutely and unconditionally guaranteed the payment and performance of all now existing and hereafter arising obligations, liabilities and indebtedness of certain of its affiliates to Secured Party as set forth in the Guarantee, dated as of May 24, 2002, by Debtor in favor of Secured Party (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Guarantee");

WHEREAS, pursuant to the Trademark Collateral Assignment and Security Agreement, dated as of May 24, 2002, by and between Debtor and Secured Party (the "Existing Trademark Agreement"), Debtor granted to Secured Party a valid first priority security interest in all of Debtor's then existing or thereafter acquired trademarks, trade names, trade styles, terms, service marks, designs and applications therefor and all other Collateral, including, but not limited to, all of the foregoing described in Exhibit A to the Existing Trademark Agreement;

WHEREAS, Debtor, in addition to being the owner of the entire right, title and interest in and to the trademarks, trade names, trade styles, terms, service marks, designs and applications therefor described in Exhibit A to the Existing Trademark Agreement, has also adopted, used and

WHEREAS, Debtor, in addition to being the owner of the entire right, title and interest in and to the trademarks, trade names, trade styles, terms, service marks, designs and applications therefor described in Exhibit A to the Existing Trademark Agreement, has also adopted, used and is using, and is also the owner of the entire right, title, and interest in and to the trademarks, trade names, trade styles, terms, service marks, designs and applications therefor described in Exhibit A hereto and made a part hereof (collectively, the "New Trademarks");

WHEREAS, in order to induce Secured Party and Lenders to continue to make loans and advances and provide other financial accommodations to certain affiliates of Debtor pursuant to the Loan Agreement and the other Financing Agreements, Debtor hereby acknowledges and reaffirms the security interests heretofore granted by Debtor to Secured Party pursuant to the Existing Trademark Agreement and, as a supplement thereto has agreed to confirm the grant to Secured Party of certain collateral security as set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. Grant of Security Interest.

(a) In addition, and not in limitation, of the security interests and other interests granted to Secured Party pursuant to the Existing Trademark Agreement, as collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and a collateral assignment, and hereby confirms, reaffirms and restates the prior grant thereof to Secured Party pursuant to the Existing Trademark Agreement, of the following (being collectively referred to herein as the "Collateral"): (i) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: (A) all of Debtor's trademarks, trade names, trade styles, service marks and designs and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, including, without limitation, the trademarks, terms, designs and applications described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any trademarks, trade names, trade styles, service marks and designs, and all renewals and re-registrations thereof (all of the foregoing being collectively referred to herein as the "Trademarks"); and (B) all prints and labels on which such trademarks, trade names, trade styles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; (ii) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; (iii) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (iv) the right to sue for past, present and future infringements thereof; (v) all rights corresponding thereto throughout the world;

and (vi) any and all other proceeds of any of the foregoing, including, without limitation, damages and payments or claims by Debtor against third parties for past or future infringement of the Trademarks.

(b) The foregoing is to confirm and restate the grant to Secured Party of the security interest in and general lien upon, and collateral assignment of, the New Trademarks and related assets as described above (collectively, together with the New Trademarks, the "Additional Collateral").

2. Obligations Secured.

The security interest, lien and other interests granted and confirmed, reaffirmed and restated pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party and/or any Lender and/or their respective affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement, the Loan Agreement, the Guarantee or any of the other Financing Agreements, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party or any Lender (all of the foregoing being collectively referred to herein as the "Obligations").

3. Representations, Warranties and Covenants. Each of the representations, warranties and covenants set forth in the Existing Trademark Agreement are deemed to be restated herein and a part hereof and shall apply to the Additional Collateral granted herein with the same force and effect as the Trademarks and other assets constituting Collateral described in the Existing Trademark Agreement.

4. Exhibits. Exhibit A to the Existing Trademark Agreement is hereby amended to include the information set forth on Exhibit A hereto and the Trademarks listed on Exhibit A hereto are deemed to be included within the definition of Trademarks set forth in the Existing Trademark Agreement.

5. Special Power of Attorney. Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit B annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder upon the occurrence of an Event of Default (as defined in the Existing Trademark Agreement) and for so long as same is continuing.

6. Miscellaneous.

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of laws or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(b) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and Lenders and their respective successors and assigns.

(c) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(d) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party and Lenders shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party and Debtor. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party or any Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party or such Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

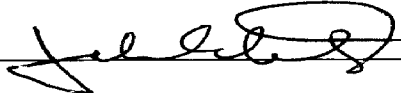
(e) This Agreement (i) may be executed in separate counterparts, each of which taken together shall constitute one and the same instrument and (ii) may be executed and delivered by telecopier with the same force and effect as if it were as a manually executed and delivered counterpart.

(f) Upon the payment in full of the Obligations, this Agreement shall terminate and Secured Party shall, upon Debtor's written request and at Debtor's expense, execute and deliver to Debtor such documents, instruments and agreements that may be necessary to effectuate such termination.

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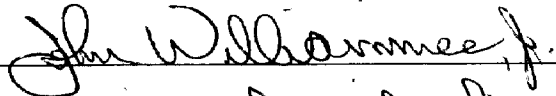
IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

FIELDCREST CANNON LICENSING, INC.

By: 

Title: Vice President

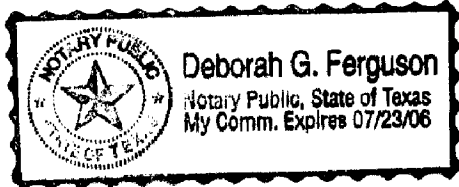
CONGRESS FINANCIAL CORPORATION, as
Agent

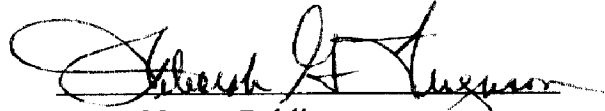
By: 

Title: Vice President

STATE OF **TEXAS**)
) ss.:
COUNTY OF **DALLAS**)

On the 29th day of October, 2002, before me personally came
John F. Sterling, to me known, who being by me duly sworn, did depose,
acknowledge and say that he ~~is~~ is the Vice President of FIELDCREST CANNON
LICENSING, INC., the corporation which executed the foregoing instrument and that he ~~is~~ signed
his ~~name~~ name thereto by order of the board of directors of such corporation.




Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ___ day of October, 2002, before me personally came
_____, to me known, who, being duly sworn, did depose and say, that he
is the _____ of CONGRESS FINANCIAL CORPORATION, the corporation
described in and which executed the foregoing instrument; and that he signed his name thereto by order
of the Board of Directors of said corporation.

Notary Public

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of October, 2002, before me personally came _____, to me known, who being by me duly sworn, did depose, acknowledge and say that he/she is the _____ of FIELDCREST CANNON LICENSING, INC., the corporation which executed the foregoing instrument and that he/she signed his/her name thereto by order of the board of directors of such corporation.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 11th day of December, 2002, before me personally came John Williammee, Jr., to me known, who, being duly sworn, did depose and say, that he is the Vice-President of CONGRESS FINANCIAL CORPORATION, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.



Notary Public

HELEN M. LINEHAN
Notary Public, State of New York
No. 01LI6047897
Qualified in New York County
Commission Expires Sept. 18, 2007 *6*

EXHIBIT A
TO
SUPPLEMENTAL TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

LIST OF TRADEMARKS

Mark (Class)	Reference	Registration #	Filed Or Issued	Action Due/Status
ULTRA VELVET	24 F 6229 B	Reg 1,931,681	31 Oct 95	Renew 31 Oct 05
ST. MARYS (Stylized)		Reg 748,703	30 Apr 63	
DRY FAST SYSTEM	24 F 1593 B	Reg 2,354,518	06 Jun 00	8 & 15 due 06 Jun 05/06 Renew 06 Jun 10
FIELDCREST	20 F 10240 B	Reg 2,332,392	21 Mar 00	8 & 15 due 21 Mar 05/06 Renew 21 Mar 10
FIELDCREST CANNON STADIUM	42 F 8962 B	Reg 2,235,293	23 Mar 99	8 & 15 due 23 Mar 05 Renew 23 Mar 09

EXHIBIT B
TO
SUPPLEMENTAL TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

SPECIAL POWER OF ATTORNEY

STATE OF)
) ss.:
COUNTY OF)

KNOW ALL MEN BY THESE PRESENTS, that FIELDCREST CANNON LICENSING, INC. ("Debtor"), having an office at One Lake Circle Drive, Kannapolis, North Carolina 28081, hereby appoints and constitutes, severally, CONGRESS FINANCIAL CORPORATION, as Agent ("Secured Party"), and each of its officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney is made pursuant to a Supplemental Trademark Collateral Assignment and Security Agreement, dated of even date herewith, between Debtor and Secured Party (the "Security Agreement") and is subject to the terms and provisions thereof. This Power of Attorney, being coupled with an interest, is irrevocable until all "Obligations", as such term is defined in the Security Agreement, are paid in full and the Security Agreement is terminated in accordance with Section 6(f) of the Security Agreement.

Dated: October __, 2002

FIELDCREST CANNON LICENSING, INC.

By: _____

Title: _____

B- 1

STATE OF)
) ss.:
COUNTY OF)

On the __ day of October, 2002, before me personally came _____, to me known, who being by me duly sworn, did depose, acknowledge and say that he/she is the _____ of FIELDCREST CANNON LICENSING, INC., the corporation which executed the foregoing instrument and that he/she signed his/her name thereto by order of the board of directors of such corporation.

Notary Public