

02-25-2003



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TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New 2.25.03
- Resubmission (Non-Recordation)
Document ID#
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- State of Incorporation

Receiving Party

Mark if additional names of conveying parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

- Individual General Partnership Limited Partnership Association
 - Corporation Association
 - Other
 - State of Incorporation
- If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment)

FOR OFFICE USE ONLY

02/26/2003 DBYRNE 00000022 1802720

01 FC:8521 40.00 DP

02 FC:8522 250.00 DP

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK

REEL: 002677 FRAME: 0381

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Trademark Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

SEE EXHIBIT A

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved. #

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment:

Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account)

Deposit Account Number: #

#

Authorization to charge additional fees: Yes No

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. Charges to deposit account are authorized, as indicated herein.

Joseph T. Makseyn

Name of Person Signing

Signature

Date

TRADEMARK

REEL: 002677 FRAME: 0382

**SCHEDULE B TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

between

BGF INDUSTRIES, INC.

and

THE CIT GROUP/BUSINESS CREDIT, INC.

U.S. TRADEMARKS

1. Owned

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiration Date</u>
BGF MAT AND DESIGN	1,802,720	11/02/93	N/A
TECHMAT (U.S.)	1,991,569	08/06/96	N/A
BGF	2,315,913	02/08/00	N/A
BGF & FLAG LOGO	2,445,508	04/24/01	N/A
BASALT MAT	2,515,867	12/04/01	N/A
AERIALITE	2,654,309	11/26/02	N/A
SILICA MAT	2,515,868	12/04/01	N/A
BGF MAT2	2,476,505	08/07/01	N/A

<u>Trademark Application*</u>	<u>Application/Serial Number</u>	<u>Application Date</u>
MICROFINE	76/348,157	12/12/01
PERFORMAT	76/339,757	11/16/01
SILCOSOFT	76/351,054	12/20/01

*The pending applications should be maintained confidential

**GRANT OF SECURITY INTEREST IN
PATENTS, TRADEMARKS AND LICENSES**

THIS GRANT OF SECURITY INTEREST IN PATENTS, TRADEMARKS AND LICENSES (herein the "Agreement") made as of this 14th day of February, 2003, by **BGF INDUSTRIES, INC.**, a Delaware corporation with a principal place of business at 3802 Robert Porcher Way, Greensboro, North Carolina 27410 (herein the "Company"), and **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York corporation, with offices located at 1211 Avenue of the Americas, New York, New York 10036 (herein "CITBC").

W I T N E S E T H:

WHEREAS, the Company and CITBC are parties to a certain Financing Agreement of even date herewith, as the same may be amended from time to time (herein the "Financing Agreement"), which Financing Agreement provides (i) for CITBC to make certain loans, advances and extensions of credit, all to or for the account of the Company and (ii) for the grant by the Company to CITBC of a security interest in certain of the Company's assets, including, without limitation, its patents, patent applications and/or registrations, trademarks, trademark applications and/or registrations, tradenames, goodwill and licenses, all as more fully set forth therein;

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Company agrees as follows:

1. Definitions. Capitalized terms used herein and defined in the Financing Agreement shall have the meanings set forth therein unless otherwise specifically defined herein.
2. Grant of Security Interest. To secure the payment of the "Obligations" (as defined in the Financing Agreement), the Company hereby grants to CITBC a security interest, effective immediately, in all of the Company's right, title and interest in and to all of the following described property, whether now owned or hereafter acquired (collectively herein the "Intellectual Property Collateral"):
 - (i) Patents and patent applications and/or registrations together with the inventions and improvements described and claimed therein including, without limitation, the patents and applications, if any, listed on Schedule A, attached hereto and made a part hereof, and any and all reissues and renewals thereof and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patent Collateral");

- (ii) Trademarks, trademark registrations and/or applications and tradenames including, without limitation, the trademarks and applications, if any, listed on Schedule B attached hereto and made a part hereof, and any and all reissues and/or renewals thereof, and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademark Collateral");
- (iii) Any license agreement in which the Company is or becomes licensed to use any patents and/or trademarks owned by a third party including, without limitation, the licenses, if any, listed on Schedule C attached hereto and made a part hereof (all of the foregoing are sometimes referred to herein individually and/or collectively as the "License Collateral");
- (iv) The goodwill of the Company's business connected with and symbolized by the Intellectual Property Collateral; and
- (v) All cash and non-cash proceeds of the foregoing.

3. CITBC's Rights. Upon the occurrence of any Event of Default hereunder, CITBC shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable state or federal laws. CITBC will give the Company reasonable notice of the time and place of any public sale of the Intellectual Property Collateral or the time after which any private sale of the Intellectual Property Collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid to the address of the Company set forth above at least ten (10) days before the date of such sale or disposition. In addition to the foregoing and all other rights and remedies of CITBC upon the occurrence of any Event of Default hereunder, CITBC shall thereupon have the immediate right to transfer to itself or to sell, assign and transfer to any other person all right, title and interest in and to all or any part of the Intellectual Property Collateral. A formal irrevocable power of attorney (in the form annexed hereto as Exhibit I) is being executed and delivered by the Company to CITBC concurrently with this Agreement to enable such rights to be carried out. The Company agrees that, in the event CITBC exercises its rights hereunder and/or pursuant to said power of attorney in accordance with its terms, after written notification of such exercise from CITBC to the Company, the Company shall never thereafter, without the prior written authorization of the owner or owners of such Intellectual Property Collateral, use any of such Intellectual Property Collateral. The effect of the foregoing provision is such that unless and until there occurs an Event of Default under this Agreement, the Company shall continue to own and use the Intellectual Property Collateral in the normal course of its business and to enjoy the benefits, royalties and profits therefrom provided, however, that from and after the occurrence of an Event of Default, upon the exercise by CITBC of the rights

provided by this Agreement, the right of the Company to enjoy the uses, benefits, royalties and profits of said Intellectual Property Collateral will wholly cease, whereupon CITBC or its transferee(s) shall be entitled to all of the Company's right, title and interest in and to the Intellectual Property Collateral hereby so secured. This Agreement will not operate to place upon CITBC any duty or responsibility to maintain the Intellectual Property Collateral.

4. Fees. The Company will pay all filing fees with respect to the security interest created hereby which CITBC may deem necessary or advisable in order to perfect and maintain the perfection of its security interest in the Intellectual Property Collateral.
5. Representations and Warranties. The Company represents and warrants: that the Company lawfully possesses and owns the Intellectual Property Collateral and that except for the security interest granted hereby and Permitted Encumbrances (as defined in the Financing Agreement), the Intellectual Property Collateral will be kept free from all liens, security interests, claims and encumbrances whatsoever; that the Company has not made or given any prior assignment, transfer or security interest in the Intellectual Property Collateral or any of the proceeds thereof; that the Intellectual Property Collateral is and will continue to be, in all respects, in full force and effect, except that, upon twenty (20) days advance written notice to CITBC, the Company may abandon any Intellectual Property Collateral so long as (i) such Intellectual Property Collateral is no longer used or useful in the business of the Company or any affiliate, and is not affixed to or used in connection with the manufacture, sale, distribution or use of any inventory or other assets of the Company, (ii) such Intellectual Property Collateral shall not have been used by the Company for a period of three (3) months or more from the date of such written notice to CITBC and (iii) any such Intellectual Property Collateral shall not otherwise be material to the business of the Company or any of its affiliates in any respect and shall have little or no value; and that there are no known infringements of the Intellectual Property Collateral. The Company shall notify CITBC within five (5) days if it knows or has reason to know of any reason why any application, registration, or recording with respect to the Intellectual Property Collateral may become abandoned, canceled, invalidated, avoided, or avoidable.
6. Application of Proceeds. The proceeds of any sale, transfer or disposition of the Intellectual Property Collateral shall be applied first to all costs and expenses, including, but not limited to, reasonable attorneys' fees and expenses and court costs, incurred by CITBC in connection with such sale and the exercise of CITBC's rights and remedies hereunder and under the Financing Agreement; next, such proceeds shall be applied to the payment, in whole or in part, of the Obligations due CITBC in such order as CITBC may elect; and the balance, if any, shall be paid to the Company or as a court of competent jurisdiction may direct.
7. Defense of Claims. The Company will defend at its own cost and expense any action, claim or proceeding affecting the Intellectual Property Collateral or the interest of CITBC therein. The Company agrees to reimburse CITBC for all costs

and expenses incurred by CITBC in defending any such action, claim or proceeding.

8. Rights Cumulative. This Agreement shall be in addition to the Financing Agreement and shall not be deemed to affect, modify or limit the Financing Agreement or any rights that CITBC has under the Financing Agreement. The Company agrees to execute and deliver to CITBC (at the Company's expense) any further documentation or papers necessary to carry out the intent or purpose of this Agreement including, but not limited to, financing statements under the Uniform Commercial Code.
9. Construction and Invalidity. Any provisions hereof contrary to, prohibited by or invalid under any laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof.
10. CHOICE OF LAW. THE COMPANY AGREES THAT THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THIS AGREEMENT TOGETHER WITH THE FINANCING AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE COMPANY AND CITBC WITH RESPECT TO THE INTELLECTUAL PROPERTY COLLATERAL, CAN ONLY BE CHANGED OR MODIFIED IN WRITING AND SHALL BIND AND BENEFIT THE COMPANY, CITBC AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. THE COMPANY AND CITBC EACH HEREBY EXPRESSLY WAIVES ANY RIGHT OF TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.
11. Events of Default. Any of the following constitutes an Event of Default under this Agreement:
 - (i) The Company fails to perform or observe any agreement, covenant or condition required under this Agreement;
 - (ii) Any warranty or representation made by Company, in this Agreement shall be or becomes false or misleading in any material respect; or
 - (iii) The occurrence of any Event of Default under the Financing Agreement which is not waived in writing by CITBC.
12. Notices. The Company covenants and agrees that, with respect to the Intellectual Property Collateral, it will give CITBC written notice in the manner provided in the Financing Agreement of:
 - (i) any claim by a third party that the Company has infringed on the rights of a third party;
 - (ii) any suspected infringement by a third party on the rights of the Company; or

(iii) any Intellectual Property Collateral created, arising or acquired by the Company after the date hereof.

13. Further Assurances. The Company will take any such action as CITBC may reasonably require to further confirm or protect CITBC's rights under this Agreement in the Intellectual Property Collateral. In furtherance thereof, the Company hereby grants to CITBC a power of attorney coupled with an interest which shall be irrevocable during the term of this Agreement to execute any documentation or take any action in the Company's behalf required to effectuate the terms, provisions and conditions of this Agreement.
14. Termination. This Agreement shall terminate upon termination of the Financing Agreement and full, final and indefeasible payment of all Obligations of the Company thereunder. Upon the Company's request, CITBC shall within a reasonable time after any such termination execute and deliver to the Company (at the Company's expense) such documents and instruments as are reasonably necessary to evidence such termination and release of the security interest granted herein on any applicable public record.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the 17th day of February, 2003.

BGF INDUSTRIES, INC. (the "Company")

By: [Signature]
Title: President

Agreed and Accepted this
17th day of February, 2003

THE CIT GROUP/BUSINESS CREDIT, INC.

By: [Signature]
Title: Vice President

**EXHIBIT I TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES
FORM OF IRREVOCABLE POWER OF ATTORNEY**

BGF INDUSTRIES, INC., a Delaware corporation with a principal place of business at 3802 Robert Porcher Way, Greensboro, North Carolina 27410 (hereinafter referred to as the "Company"), hereby grants to **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York corporation, with offices located at 1211 Avenue of the Americas, New York, New York 10036 (hereinafter referred to as "CITBC"), the exclusive Irrevocable Power of Attorney to transfer to CITBC or to any designee of CITBC all Intellectual Property Collateral (as defined in the Agreement) listed on the Schedules attached to the Grant of Security Interest in Patents, Trademarks and Licenses (the "Agreement"), dated as of the date hereof, between the Company and CITBC including, without limitation, all patents, patent applications and/or registrations, trademarks, trademark applications and/or registrations, and licenses together with the goodwill of the business connected with or symbolized by such Intellectual Property Collateral and the Company's entire inventory of labels and decals bearing any trademarks not affixed to its products, and the right to operate and control, sell, assign, and transfer the business under those trademarks under the following terms and conditions:

1. The Power of Attorney granted hereunder shall be effective as of the date hereof and shall last for as long as any now existing or hereafter arising indebtedness, liabilities or obligations of the Company to CITBC are outstanding under the Financing Agreement, dated on or about the date hereof, between the Company and CITBC.

2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life as specified in Paragraph 1 hereinabove.

IN WITNESS WHEREOF, the Company has caused this Power of Attorney to be executed as of the _____ day of February, 2003.

BGF INDUSTRIES, INC.
(the "Company")

By: _____
Title: _____

STATE OF)
)
COUNTY OF)

On February 3rd, 2003, before me, the undersigned, a notary public in and for said State, personally appeared Daniel R. HAYES known to me to be the PRESIDENT of, BGF INDUSTRIES, INC. the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws and a resolution of its board of directors.

WITNESS my hand and official seal.

[Handwritten Signature]
Notary Public

[Faint handwritten text]

**SCHEDULE A TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

between

BGF INDUSTRIES, INC.

and

THE CIT GROUP/BUSINESS CREDIT, INC.

U.S. PATENTS

1. Owned

<u>Patent Description</u>	<u>Patent Number</u>	<u>Registration Date</u>	<u>Expiration Date</u>
MULTIPLE THICK GRAPHITE FABRIC PRODUCTION	4,729,860	03/08/88	12/17/05
PROCESS AND APPARATUS FOR COLORING TEXTILE YARNS	4,586,934	05/06/86	03/22/05
BONDED GLASS FABRIC EDGE	4,894,276	01/16/90	01/16/07
LOW TOXIC CEILING BOARD FACING (U.S.)	4,695,507	09/22/87	09/10/05 (report indicates patent is abandoned)
PROCESS FOR COATING YARN WITH HOT MELT THERMOPLASTIC	4,744,135	09/27/88	11/04/06
SMOKE CONTAINMENT CURTAIN	5,607,758	03/04/97	06/21/15
ELECTRO- MAGNETIC WAVE	5,840,383	11/24/98	02/12/16

<u>Patent Description</u>	<u>Patent Number</u>	<u>Registration Date</u>	<u>Expiration Date</u>
REFLECTIVE FABRIC			
WOVEN FIBERGLASS CABLE WRAP	6,003,565	12/21/99	02/26/18
DRYING PROCESS FOR WOVEN FABRIC INTENDED FOR USE AS A REINFORCING LAMINATE IN PRINTED CIRCUIT BOARDS	6,192,599	02/27/01	09/23/18

<u>Patent Application*</u>	<u>Attorney Reference Number</u>	<u>Application Date</u>
DYING PROCESS FOR WOVEN GLASS FABRIC INTENDED FOR USE AS A REINFORCING LAMINATE IN PRINTED CIRCUIT BOARDS	2435-36A	N/A
A FABRIC FOR HIGH TEMPERATURE GASEOUS FILTRATION APPLICATIONS	2435-045	N/A
DRYING SYSTEM FOR WOVEN GLASS FABRIC INTENDED FOR USE AS A REINFORCING LAMINATE IN PRINTED CIRCUIT BOARDS	2435-051	N/A

*The pending applications should be maintained confidential

**SCHEDULE B TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

between

BGF INDUSTRIES, INC.

and

THE CIT GROUP/BUSINESS CREDIT, INC.

U.S. TRADEMARKS

1. Owned

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiration Date</u>
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MICROFINE	76/348,157	12/12/01
PERFORMAT	76/339,757	11/16/01
SILCOSOFT	76/351,054	12/20/01

*The pending applications should be maintained confidential

**SCHEDULE C TO GRANT OF SECURITY INTEREST IN PATENTS,
TRADEMARKS AND LICENSES**

between

BGF INDUSTRIES, INC.

and

THE CIT GROUP/BUSINESS CREDIT, INC.

U.S. LICENSES

<u>Name of Document</u>	<u>Date of Document</u>	<u>Licensor</u>	<u>Term</u>	<u>Licensed Intellectual Property</u>
Patent License Agreement between Toray Industries, Inc. and BGF Industries, Inc.	11/16/00	Toray Industries, Inc.	Until Patents expire	Patents relating to tow count, low areal weight carbon fiber fabrics, prepreps utilizing said fabrics, certain composite articles using said fabrics and/or prepreps, as well as machines and methods used to make these products.
License Agreement between Advanced Glassfiber Yarns, LLC and BGF Industries, Inc.	09/27/00	Advanced Glassfiber Yarns, LLC	10 years (09/27/10)	Know-how relating to binder chemistry for treatment of glass fibers (also referred to as 933 binder chemistry).