

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Fleet Retail Group, Inc.		10/04/2004	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Kirkland's, Inc.
Street Address:	805 North Parkway
City:	Jackson
State/Country:	TENNESSEE
Postal Code:	38305
Entity Type:	CORPORATION: TENNESSEE

PROPERTY NUMBERS Total: 12

Property Type	Number	Word Mark
Registration Number:	1926373	CEDAR CREEK COLLECTION
Registration Number:	2029084	CEDAR CREEK COLLECTION
Registration Number:	2070074	CEDAR CREEK COLLECTION
Registration Number:	2289240	CEDAR CREEK COLLECTION
Registration Number:	1910097	CEDAR CREEK COLLECTION
Registration Number:	1898976	CEDAR CREEK COLLECTION
Registration Number:	1873237	CEDAR CREEK
Registration Number:	1450144	KIRKLAND'S
Registration Number:	2769247	KIRKLAND'S HOME
Registration Number:	2819618	KIRKLAND'S OUTLET
Registration Number:	2779563	HOME COLLECTION BY KIRKLAND'S
Registration Number:	2312426	THE KIRKLAND COLLECTION

CORRESPONDENCE DATA

CH \$315.00 1926373

Fax Number: (617)856-8201
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 617-856-8145
Email: ip@brownrudnick.com
Correspondent Name: Mark S. Leonardo
Address Line 1: One Financial Center
Address Line 2: BROWN RUDNICK BERLACK ISRAELS LLP
Address Line 4: Boston, MASSACHUSETTS 02111

NAME OF SUBMITTER:	Mark S. Leonardo
Signature:	/s/Mark S. Leonardo/
Date:	02/02/2005

Total Attachments: 9
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TRADEMARK SECURITY AGREEMENT

This **TRADEMARK SECURITY AGREEMENT** is made this 4th day of October, 2004, between **FLEET RETAIL GROUP, INC.**, a Delaware corporation having an office at 40 Broad Street, Boston, MA 02109, as agent (together with its successors in such capacity, "Agent") for itself and Lenders (as hereinafter defined), and **KIRKLAND'S, INC.**, a Tennessee corporation having its principal place of business at 805 North Parkway, Jackson, Tennessee 38305 (the "Company").

Recitals:

The Company and certain of its affiliates (collectively, "Borrowers") desire to obtain loans and other financial accommodations from certain financial institutions ("Lenders") as are parties from time to time to that certain Loan and Security Agreement dated the date hereof by and among Borrowers, Agent and Lenders (hereinafter referred to, together with all amendments thereto, as the "Loan Agreement");

Agent and Lenders are willing to make loans and other financial accommodations to Borrowers from time to time, pursuant to the terms of the Loan Agreement, provided the Company executes this Agreement.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other valuable consideration, and in consideration of the premises, the Company hereby agrees with Agent as follows:

1. Capitalized terms used herein (including those used in the Recitals hereto), unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement.

2. To secure the prompt payment and performance of the Obligations, the Company hereby pledges, assigns and grants to Agent, for its benefit and the pro rata benefit of Lenders, a continuing security interest in and lien upon all of the following property of the Company, whether now owned or existing or hereafter created or acquired (the "Trademark Collateral"):

(a) all trademarks, trademark registrations, tradenames and trademark applications, including, without limitation, the trademarks and applications listed on Exhibit A attached hereto and made a part hereof (as the same may be amended from time to time), and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and applications, together with the items described in clauses (i)-(iv), are hereinafter collectively referred to as the "Trademarks");

(b) the goodwill of the Company's business connected with and symbolized by the Trademarks; and

(c) all proceeds of the foregoing.

3. The Company represents and warrants to Agent and Lenders that:

(a) Each of the Trademarks is subsisting and has not been adjudged invalid or unenforceable;

(b) Upon filing of this Agreement in the United States Patent and Trademark Office, this Agreement will create a legal and valid perfected lien upon and security interest in the Trademark Collateral (other than foreign trademarks), enforceable against Company and all third Persons in accordance with its terms;

(c) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third Person;

(d) The Company has the unqualified right to enter into this Agreement and perform its terms;

(e) Each of the Trademarks is valid and enforceable; and

(f) The Company is the sole and exclusive owner of the entire right, title and interest in and to all of the Trademark Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by the Company not to sue third Persons.

4. The Company covenants and agrees with Agent and Lenders that:

(a) The Company will maintain the quality of the products associated with the Trademarks, at a level consistent with the quality at the time of this Agreement, and will, upon Agent's request, provide Agent with a certificate to that effect;

(b) The Company shall not abandon any right to file a trademark application, or any pending trademark application or trademark without the consent of Agent, which consent shall not be unreasonably withheld;

(c) The Company has used and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks, including, without limitation, filing an affidavit of use with the United States Patent and Trademark Office for each Trademark as required by Applicable Law to maintain the registration thereof without loss of protection therefor.

5. The Company hereby authorizes Agent, and its employees and agents (and any Lender or Lenders and their respective employees and agents), the right to visit the Company's plants and facilities which inspect or store products sold under any of the Trademarks and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. The Company shall do any and all acts required by Agent to ensure the Company's compliance with paragraph 4(c) of this Agreement.

6. Until all of the Obligations have been satisfied in full and the Loan Agreement has been terminated, the Company shall not enter into any license agreement relating to any of

the Trademarks with any Person except non-exclusive licenses to customers of the Company in the regular and ordinary course of the Company's business as presently conducted and for reasonable and customary compensation, and shall not become a party to any agreement with any Person that is inconsistent with the Company's duties under this Agreement.

7. If, before the Obligations have been satisfied in full, the Company shall obtain rights to any new trademarks, or become entitled to the benefit of any trademark application or trademark or any renewal of any Trademark, the provisions of paragraph 2 hereof shall automatically apply thereto, and the Company shall give to Agent prompt notice thereof in writing.

8. The Company irrevocably authorizes and empowers Agent to modify this Agreement by amending Exhibit A to include any future trademarks and trademark applications within the definition of Trademarks under paragraph 2 or paragraph 7 hereof.

9. Upon and at any time after the occurrence of an Event of Default, Agent shall have, in addition to all other rights and remedies given it by this Agreement, all rights and remedies under Applicable Law and all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Agent may immediately, for its benefit and the pro rata benefit of Lenders, without demand of performance and without notice (except as described in the next sentence, if required by Applicable Law), or demand whatsoever to the Company, each of which the Company hereby expressly waives, collect directly any payments due the Company in respect of the Trademark Collateral, or sell at public or private sale or otherwise realize upon all or from time to time, any of the Trademark Collateral. The Company hereby agrees that seven (7) days written notice to the Company of any public or private sale or other disposition of any of the Trademark Collateral shall be reasonable notice; provided, however, that no notice shall be required hereunder if not otherwise required by Applicable Law. At any such sale or disposition, Agent may, to the extent permitted by law, purchase the whole or any part of the Trademark Collateral sold, free from any right of redemption on the part of the Company, which right the Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Trademark Collateral all costs and expenses incurred by Agent in enforcing its rights hereunder (including, without limitation, all attorneys' fees), Agent shall apply the remainder of such proceeds to the payment of the Obligations in such order and manner as may be authorized or required by the Loan Agreement. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Company. If any deficiency shall arise, Borrowers shall remain jointly and severally liable to Agent and Lenders therefor.

10. The Company hereby makes, constitutes and appoints Agent and any officer or agent of Agent as Agent may select, as the Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall occur and be continuing: to endorse the Company's name on all applications, documents, papers and instruments necessary for Agent to continue the registration of or to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of any Trademark Collateral to any other Person. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until all of the Obligations shall have been satisfied in full and the Loan Agreement shall have

been terminated.

11. At such time as all of the Obligations shall have been satisfied finally and in full and the Loan Agreement shall have been terminated, Agent shall execute and deliver to the Company, without representation, warranty or recourse and at the Company's expense, all releases or other instruments necessary to terminate Agent's security interest in the Trademark Collateral subject to any disposition thereof which may have been made by Agent pursuant to the terms of this Agreement or any of the Financing Agreements.

12. Any and all fees, costs and expenses, of whatever kind or nature (including, without limitation, reasonable attorneys' fees and legal expenses) incurred by Agent or any Lender in connection with the preparation of this Agreement and any other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including, without limitation, all taxes in connection therewith) with the United States Patent and Trademark Office or in any other public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, Liens or otherwise protecting, maintaining, or preserving the Trademark Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademark Collateral, shall be borne and paid by the Company (it being the intent of the Company and Agent that the Company shall be responsible for the payment of all sums, fees, costs and expenses, including, without limitation, all renewal fees with respect to the Trademarks) or, if paid by Agent in its sole discretion, shall be reimbursed by the Company **on demand** by Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest per annum rate in effect from time to time under the Loan Agreement.

13. The Company shall use its best efforts to detect any infringers of the Trademarks and shall notify Agent in writing of infringements detected. The Company shall have the duty, through counsel acceptable to Agent, to prosecute diligently any trademark application for a Trademark pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full and the Loan Agreement terminated, to make federal application on registrable but unregistered Trademarks (subject to Company's reasonable discretion in the ordinary course of business or, during the existence of an Event of Default or a Default, promptly upon Agent's request), to file and prosecute opposition and cancellation proceedings, to file and prosecute lawsuits to enforce the Trademarks and to do any and all acts which are deemed necessary or desirable by Agent to preserve and maintain all rights in the Trademarks. Any expenses incurred in connection with such applications or proceedings shall be borne by the Company.

14. Notwithstanding anything to the contrary contained in paragraph 13 hereof, Agent shall have the right, but shall in no way be obligated, to bring suit instead in its own name to enforce the Trademarks and any license hereunder, or to defend any suit or counterclaim in its own name to protect the Trademarks or any license hereunder, in either of which events the Company shall at the request of Agent do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Agent to aid such enforcement, or defense, and the Company shall promptly, **upon demand**, reimburse and indemnify Agent for all costs and expenses incurred in the exercise of Agent's rights under this paragraph 14.

15. If the Company fails to comply with any of its obligations hereunder, to the extent

permitted by Applicable Law, Agent may do so in the Company's name or in Agent's name, in Agent's sole discretion, but at the Company's expense, and the Company agrees to reimburse Agent in full for all expenses, including, without limitation, reasonable attorneys' fees, incurred by Agent in prosecuting, defending or maintaining the Trademarks or Agent's interest therein pursuant to this Agreement.

16. No course of dealing between the Company and Agent or any Lender, nor any failure to exercise, nor any delay in exercising, on the part of Agent or any Lender, any right, power or privilege hereunder or under any of the other Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. All of Agent's rights and remedies with respect to the Trademark Collateral, whether established hereby or by any of the other Financing Agreements, or by any other agreements or by Applicable Law shall be cumulative and may be exercised singularly or concurrently.

18. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

19. This Agreement, together with the other Financing Agreements, constitutes and expresses the entire understanding of the parties hereto with respect to the subject matter hereof, and supercedes all prior agreements and understandings, inducements or conditions, whether expressed or implied, oral or written. This Agreement is subject to modification only by a - writing signed by the parties, except as provided in paragraph 8 hereof.

20. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Agent and of each Lender and upon the successors of the Company. The Company shall not assign its rights or delegate its duties hereunder without the prior written consent of Agent.

21. The Company hereby waives notice of Agent's acceptance hereof.

22. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts.

23. To the fullest extent permitted by Applicable Law, the Company and Agent each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Trademark Collateral.

WITNESS the execution hereof under seal as of the day and year first above written.

ATTEST:

ATTEST:

Lowell E. Pugh
Lowell E. Pugh, Secretary

KIRKLAND'S, INC.

By: Reynolds C. Faulkner
Reynolds C. Faulkner, Executive
Vice President and Chief Financial
Officer

Accepted in Boston, Massachusetts:

FLEET RETAIL GROUP, INC.
as Agent

By: _____
Title:

[signature page to Trademark Agreement]

ATTEST:

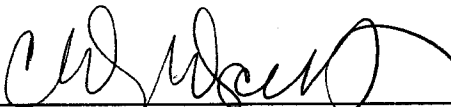
KIRKLAND'S, INC.

Lowell E. Pugh, Secretary

By: _____
**Reynolds C. Faulkner, Executive
Vice President and Chief Financial
Officer**

Accepted in Boston, Massachusetts:

FLEET RETAIL GROUP, INC.
as Agent

By: 

Title: Vice President

[signature page to Trademark Agreement]

**Schedule A
Trademarks**

Kirkland's Current Trademarks (As Amended on 1/25/05)

Contents	Registration #	Serial #	Int. Class	LNG ID	Date Filed	Affidavit of Continued Use	Application for Renewal	Status
CEDAR CREEK COLLECTION - LAMPS	1,926,373	74-473,791	20	48937	10/10/1995	10/10/00 - 10/10/01	10/10/2005	LIVE
CEDAR CREEK COLLECTION - ART	2,029,084	74-473,778	16	48935	1/7/1997	1/7/02 - 1/7/03	1/7/2007	LIVE
CEDAR CREEK COLLECTION - AFGANSLINENS	2,070,074	75-178,765	24	48939	6/10/1997	6/10/02 - 6/10/03	6/10/2007	LIVE
CEDAR CREEK COLLECTION - TABLES, ETC	2,289,240	75-236,628	20	51241	10/26/1999	10/26/04 - 10/26/05	10/26/2009	LIVE
CEDAR CREEK COLLECTION - CHRISTMAS FIGURINES	1,910,097	74-478,313	28	48941	8/8/1995	8/8/00 - 8/8/01	8/8/2005	LIVE
CEDAR CREEK COLLECTION - PLASTICS/PORCELAIN/CERAMIC FIGURINES	1,898,976	74-473,764	21	48940	6/13/1995	6/13/00 - 6/13/01	6/13/2005	LIVE
CEDAR CREEK	1,873,237	74-390,583	11	48430	1/10/1995	1/10/00 - 1/10/01	1/10/2005	LIVE
KIRKLAND'S	1,450,144	73-628,849	42	44058	7/28/1987			LIVE
KIRKLAND'S HOME	2,769,247	78-152,914	35	55616	9/30/2003	9/30/08 - 9/30/09	9/30/2013	LIVE
KIRKLAND'S OUTLET	2,819,618	78-152,920	35		8/9/2002			LIVE
HOME COLLECTION BY KIRKLAND'S	2,779,563	78-157,855	20		8/26/2002			LIVE
THE KIRKLAND COLLECTION	2,312,426	75-425,158	35		1/29/1998			LIVE

TRADEMARK

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