

316

03-31-2005



Form PTO-1594 (Rev. 06/04)
OMB Collection 0651-0027 (exp. 6/30/2005)

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

102970820

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

2005

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Precision Fabrics Group, Inc.

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

Citizenship (see guidelines) North Carolina

Execution Date(s) February 4, 2005

Additional names of conveying parties attached? Yes No

3. Nature of conveyance:

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: The CIT Group/Business Credit, Inc.

Internal Address: Two Wachovia Center, 23rd Floor

Street Address: 301 South Tryon Street

City: Charlotte

State: North Carolina

Country: USA Zip: 28202

- Association
- General Partnership
- Limited Partnership
- Corporation
- 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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

See Attached Schedule

B. Trademark Registration No.(s)

See Attached Schedule

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

See Attached Schedule

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

Name: Sarah Sealy

Internal Address: Carruthers & Roth, P.A.

Street Address: 235 North Edgeworth Street

City: Greensboro

State: North Carolina Zip: 27401

Phone Number: 336-478-1123

Fax Number: 336-478-1114

Email Address: sms@crlaw.com

6. Total number of applications and registrations involved:

12

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 315.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

Sarah Sealy
Signature

March 1, 2005
Date

Sarah Sealy, Paralegal

Name of Person Signing

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

13

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

03/29/2005 EDCOPER 00000223 2841535

01 FC:8521

40.00 OP

02 FC:8522

275.00 OP

TRADEMARK
REEL: 003140 FRAME: 0532

ATTACHMENT TO
RECORDATION FORM COVER SHEET

SCHEDULE OF TRADEMARK REGISTRATION AND
APPLICATION NUMBERS

CONVEYING PARTY: Precision Fabrics Group, Inc.

RECEIVING PARTY: The CIT Group/Business Credit, Inc.

EXECUTION DATE: February 4, 2005

NATURE OF CONVEYANCE: Security Agreement

U.S. REGISTERED TRADEMARKS

No.	Title or Mark	Registration No.	Registration Date
1	MEDALLION COLLECTION	2,841,535	May 11, 2004
2	IMPASSE	2,735,652	July 8, 2003
3	SOFT GUARD	2,851,590	June 8, 2004
4	DIAMONDDRY	2,800,988	December 30, 2003
5	PRISTINE	2,758,613	September 2, 2003
6	JUMPMASTER	2,567,318	May 7, 2002
7	INTEGRITY	1,958,766	February 27, 1996

U.S. PENDING TRADEMARK APPLICATIONS

No.	Title or Mark	Registration No.	Application Date
8	SUPER RELEASE BLUE	78/111,319	March 20, 2004
9	SUPER RELEASE GREEN	78/387,953	March 20, 2004
10	VLP	78/387,952	March 20, 2004
11	SRB	78/387,950	March 20, 2004
12	SRG	78/387,954	March 20, 2004

Prepared by: Sarah Sealy, Paralegal
Carruthers & Roth, P.A.
235 North Edgeworth Street
Greensboro, North Carolina 27401
Telephone: 336-379-8651
Email: sms@crlaw.com

**AMENDED AND RESTATED
TRADEMARK SECURITY AGREEMENT**

THIS AMENDED AND RESTATED TRADEMARK SECURITY AGREEMENT ("Agreement"), is made and entered into this 4th day of February, 2005, between **PRECISION FABRICS GROUP, INC.**, a North Carolina corporation (the "Company"), and **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York corporation ("CIT").

WITNESSETH:

WHEREAS, the Company proposes to enter into a certain Amended and Restated Financing Agreement, dated of even date herewith (as amended, modified, supplemented or restated from time to time, being herein called the "Financing Agreement"), with CIT pursuant to which CIT will make loans and extend credit to the Company, all as more particularly described therein; and

WHEREAS, as a condition precedent to CIT's entering into the Financing Agreement and making loans and extending credit to the Company pursuant thereto, CIT has required the execution of this Agreement by the Company in favor of CIT; and

WHEREAS, this Agreement, together with other security agreements, amends and restates that certain Grant of Security Interest in Patents, Trademarks and Licenses, dated as of August 30, 1996, between the Company and CIT, recorded in the United States Patent and Trademark Office at Reel 1483, Frame 0369, as amended by Amendment No. 1 thereto, dated as of January 19, 1999, recorded in the United States Patent and Trademark Office at Reel 1845, Frame 0187 (the "Original Agreement");

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Company agrees with CIT as follows:

1. Defined Terms. All capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Financing Agreement.

2. Grant of Security Interest. As security for the payment and performance of the Obligations, the Company hereby assigns, grants, transfers and conveys to CIT, for security purposes, a security interest in and lien on all of the Company's right, title and interest in, to and under the following property, in each case whether now existing or hereafter acquired or arising and whether registered and unregistered and wherever the same may be located (the "Trademark Collateral"):

(a) all state (including common law), federal and foreign trademarks, service marks and trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, domain names, designs and general intangibles of like natures, now existing or hereafter adopted or acquired, together with and including all licenses therefor held by the Company (unless

otherwise prohibited by any license or related licensing agreement under circumstances where the granting of the security interest would have the effect under applicable law of the termination or permitting termination of the license for breach and where the licensor has elected such termination remedy), and all registrations and recordings thereof, and all applications filed or to be filed in connection therewith, including registrations and applications in the United States Patent and Trademark Office, any State of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, including any of the foregoing identified on Exhibit A hereto (as the same may be amended, modified or supplemented from time to time), and the right (but not the obligation) to register claims under any state or federal trademark law or regulation or any trademark law or regulation of any foreign country and to apply for, renew and extend any of the same, to sue or bring opposition or cancellation proceedings in the name of the Company or in the name of CIT for past, present or future infringement or unconsented use thereof, and all rights arising therefrom throughout the world (collectively, the "Trademarks");

(b) all claims, causes of action and rights to sue for past, present or future infringement or unconsented use of any Trademarks and all rights arising therefrom and pertaining thereto;

(c) all general intangibles related to or arising out of any of the Trademarks and all the goodwill of the Company's business symbolized by the Trademarks or associated therewith; and

(d) all proceeds of any and all of the foregoing Trademark Collateral, including, without limitation, license royalties, rights to payment, accounts receivable, proceeds of infringement suits and all payments under insurance or any indemnity, warranty or guaranty payable by reason or loss or damage to or otherwise with respect to the foregoing Trademark Collateral.

3. Representations, Warranties and Covenants of the Company. The Company represents, warrants and covenants that:

(a) The Trademark Collateral is, to the best of its knowledge, subsisting and has not been judged invalid or unenforceable;

(b) The Company is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Trademark Collateral;

(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 Trademark Collateral;

(d) The Company will maintain the quality of the products associated with the Trademark Collateral, generally at a level consistent with the quality as of the effective date of this Agreement, subject to the introduction of new products from time to time, and product modifications in the ordinary course of business; and

(e) The Company has the unqualified right to enter into this Agreement and perform its terms and has entered.

4. Visits and Inspections. The Company hereby grants to CIT and its employees and agents the right on prior notice to the Company to visit the Company's plants and facilities which manufacture, 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 CIT to ensure the Company's compliance with Section 3(d) of this Agreement.

5. Restrictions on Future Agreements. The Company agrees that, until all of the Obligations have been satisfied in full and the Financing Agreement has been terminated in writing, it will not without CIT's prior written consent, enter into any agreement which is inconsistent with the Company's duties under this Agreement, and the Company further agrees that it will not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which would affect the validity and enforcement of the rights granted to CIT under this Agreement.

6. After-Acquired Trademark Rights. 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 for any renewal of any Trademark, the provisions of Section 2 hereof shall automatically apply thereto, and the Company shall give to CIT prompt notice thereof in writing. The Company authorizes CIT to modify this Agreement by amending Exhibit A to include any future trademarks and trademark applications which are Trademark Collateral under Section 2 hereof or this Section 6.

7. The Company's Rights Prior to Event of Default. Unless and until there shall have occurred and be continuing an Event of Default, the Company shall continue to own, and may use and enjoy the Trademark Collateral in connection with its business operations, but only in a manner consistent with the preservation of their current substance, validity and registration.

8. Remedies Upon Event of Default. If an Event of Default shall have occurred and be continuing:

(a) The Company or any successor-in-interest shall assign all of the Company's right, title and interest in and to the Trademark Collateral to CIT or its designee;

(b) The Company further agrees to execute and deliver all documents at the request of CIT necessary to vest in CIT or its designee all of the Company's right, title and interest in and to the Trademark Collateral; and

(c) CIT shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and, specifically, those of a lender under the UCC. Notice of any sale or other disposition of the Trademark Collateral shall be deemed reasonable and sufficient if given the Company at least ten (10) days before the time of any intended public or private sale or other disposition of any of the Trademark Collateral is to be made.

9. Power of Attorney. The Company hereby makes, constitutes and appoints CIT and any officer or agent of CIT as CIT 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 CIT to use the Trademark Collateral, or to grant or issue any exclusive or nonexclusive license under the Trademark Collateral to anyone else as necessary for CIT to assign, pledge, convey or otherwise transfer title in or dispose of the Trademark Collateral to anyone else. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all of the Obligations shall have been satisfied in full and the Financing Agreement shall have been terminated in writing.

10. Release of Security Interest. At such time as all of the Obligations shall have been satisfied and paid in full, CIT shall execute and deliver to the Company all releases, termination statements, and other instruments as may be necessary or proper to release or reflect the release of CIT's security interest in the Trademark Collateral, including all documentation necessary to reflect such release in the United States Patent and Trademark Office.

11. Costs and Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by CIT in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances 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 on demand by CIT and until so paid shall be added to the amount of the Obligations and shall bear interest at the rate prescribed in the Financing Agreement.

12. Litigation and Proceedings.

(a) The Company shall have the duty, through counsel acceptable to CIT, to prosecute diligently any trademark application of the Trademarks pending as of the date of this Agreement or thereafter, other than those discontinued or abandoned in the ordinary course of business, until the Obligations shall have been paid in full and to, in the reasonable business judgment of the Company, preserve and maintain all rights in trademark applications and trademarks of the Trademarks in the ordinary course of business. Any expenses incurred in connection with such an application shall be borne by the Company. The Company shall not abandon any right to file a trademark application, or any pending trademark application or trademark, other than those discontinued or abandoned in the ordinary course of business without the consent of CIT, which consent shall not be unreasonably withheld.

(b) After the occurrence and during the continuance of an Event of Default, CIT shall have the right, but shall in no way be obligated, to bring suit in its own name, as the holder of a security interest in the Trademark Collateral, to enforce the Trademarks, and any

license thereunder, in which event the Company shall at the request of CIT do any and all lawful acts (including bringing suit) and execute any and all proper documents required by CIT in aid of such enforcement and the Company shall promptly, upon demand, reimburse and indemnify the CIT for all costs and expenses incurred in the exercise of its rights under this Section 12. Nothing herein shall be deemed to prohibit the Company from bringing any such suit in its own name at any time that an Event of Default does not exist, if CIT declines to institute suit.

13. CIT May Perform. After the occurrence and during the continuance of an Event of Default, if the Company fails to comply with any of its obligations hereunder, CIT may do so in the Company's name or in CIT's name, but at the Company's expense, and the Company agrees to reimburse CIT in full for all expenses, including reasonable attorney's fees, incurred by CIT in prosecuting, defending or maintaining the Trademarks or CIT's interest therein pursuant to this Agreement.

14. Severability. 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.

15. Modification. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 6 hereof.

16. Binding Effect; Benefits. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

17. Notices. Except as otherwise herein provided, any notice or other communication required hereunder shall be in writing (messages sent by e-mail or other electronic transmission (other than by telecopier) shall not constitute a writing, however any signature on a document or other writing that is transmitted by e-mail or telecopier shall constitute a valid signature for purposes hereof), and shall be deemed to have been validly served, given or delivered when received by the recipient if hand delivered, sent by commercial overnight courier or sent by facsimile, or three (3) Business Days after deposit in the United States mail, with proper first class postage prepaid and addressed to the party to be notified as follows:

(a) if to CIT, at: The CIT Group/Business Credit, Inc.
Two Wachovia Center, 23rd Floor
301 South Tryon Street
Charlotte, North Carolina 28202
Attn: Regional Credit Manager
Facsimile No. 704-339-2938

(b) if to the Company at: Precision Fabrics Group, Inc.
301 North Elm Street, Suite 600
Greensboro, North Carolina 27401
Attention: Chief Financial Officer
Facsimile No. 336-510-8004

or to such other address as each party may designate for itself by notice given in accordance with this Section 17.

18. Governing Law. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NORTH CAROLINA, EXCEPT TO THE EXTENT THAT ANY OTHER LOAN DOCUMENT INCLUDES AN EXPRESS ELECTION TO BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION.

19. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE COMPANY AND CIT EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF THIS AGREEMENT, THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREUNDER OR THEREUNDER. THE COMPANY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED. IN NO EVENT WILL CIT BE LIABLE FOR LOST PROFITS OR OTHER SPECIAL OR CONSEQUENTIAL DAMAGES.

20. Amendment and Restatement. This Agreement amends, restates and supersedes in its entirety that certain Grant of Security Interest in Patents, Trademarks and Licenses, dated as of August 30, 1996, between the Company and CIT, as amended by Amendment No. 1 thereto, dated as of January 19, 1999, between the Company and CIT, as agent.

WITNESS the execution hereof on the day and year first above written.

PRECISION FABRICS GROUP, INC.

By: Patrick J. Burr
Title: Chief Financial Officer

THE CIT GROUP/BUSINESS CREDIT, INC.

By: _____
Title: _____

WITNESS the execution hereof on the day and year first above written.

PRECISION FABRICS GROUP, INC.

By: _____
Title: _____

THE CIT GROUP/BUSINESS CREDIT, INC.

By: Malcolm Quisenberry
Title: Vice President

STATE OF NORTH CAROLINA

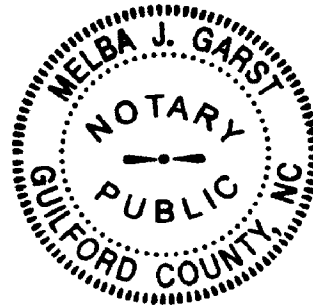
COUNTY OF Guilford

I, Melba J. Garst, a Notary Public of the State and County aforesaid, certify that Patrick J. Burns personally appeared before me this day and acknowledged that he is the Chief Financial Officer of PRECISION FABRICS GROUP, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him in the corporation's name.

WITNESS my hand and official stamp or seal, this 4th day of February, 2005.

Melba J. Garst
Notary Public

My Commission Expires: May 6, 2009



STATE OF NORTH CAROLINA

COUNTY OF _____

I, _____, a Notary Public of the State and County aforesaid, certify that _____ personally appeared before me this day and acknowledged that (s)he is _____ President of THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by her/him in the corporation's name.

WITNESS my hand and official stamp or seal, this _____ day of February, 2005.

Notary Public

My Commission Expires: _____

STATE OF NORTH CAROLINA

COUNTY OF _____

I, _____, a Notary Public of the State and County aforesaid, certify that _____ personally appeared before me this day and acknowledged that he is the Chief Financial Officer of PRECISION FABRICS GROUP, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him in the corporation's name.

WITNESS my hand and official stamp or seal, this _____ day of February, 2005.

Notary Public

My Commission Expires: _____

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, BEVERLY A. SCOTT, a Notary Public of the State and County aforesaid, certify that MALCOLM FERGUSON personally appeared before me this day and acknowledged that (s)he is VICE President of THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by her/him in the corporation's name.

WITNESS my hand and official stamp or seal, this 3rd day of February, 2005.

Beverly A. Scott
Notary Public

My Commission Expires: 9-15-06

**EXHIBIT A TO AMENDED AND
RESTATED TRADEMARK SECURITY AGREEMENT**

U.S. REGISTERED TRADEMARKS

<u>Title or Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>
MEDALLION COLLECTION	2,841,535	May 11, 2004
IMPASSE	2,735,652	July 8, 2003
SOFT GUARD	2,851,590	June 8, 2004
DIAMONDDRY	2,800,988	December 30, 2003
PRISTINE	2,758,613	September 2, 2003
JUMPMASTER	2,567,318	May 7, 2002
PRISTINE	2,179,662	August 4m 1998
REPOSE	2,235,126	March 23, 1999
PRECISION FABRICS GROUP, INC.	1,853,682	September 13, 1994
AEGIS	1,826,399	March 15, 1994
PFG	1,822,821	February 22, 1994
INTEGRITY	1,958,766	February 27, 1996
SOFT GUARD	1,824,454	March 1, 1994
NEXUS	818,330	November 8, 1966

U.S. PENDING TRADEMARK APPLICATIONS

<u>Title or Mark</u>	<u>Registration No.</u>	<u>Application Date</u>
SUPER RELEASE BLUE	78/111,319	March 20, 2004
SUPER RELEASE GREEN	78/387,953	March 20, 2004
VLP	78/387,952	March 20, 2004
SRB	78/387,950	March 20, 2004
SRG	78/387,954	March 20, 2004

FOREIGN TRADEMARKS

<u>Title or Mark</u>	<u>Country</u>	<u>Identification No.</u>
PRISTINE	China P.R.	Reg. No. 1,629,000
PRISTINE and Design	CTM Application	App. No. 3177193