

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	CORRECTIVE ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Corrective Assignment to correct the signature blocks previously recorded on Reel 003118 Frame 0853. Assignor(s) hereby confirms the security interest.

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Southern Weaving Company		06/30/2005	CORPORATION: NORTH CAROLINA

**RECEIVING PARTY DATA**

<b>Name:</b>	Orix Leveraged Finance Corp.
<b>Street Address:</b>	1717 Main Street, Suite 900
<b>City:</b>	Dallas
<b>State/Country:</b>	TEXAS
<b>Postal Code:</b>	75201
<b>Entity Type:</b>	CORPORATION: DELAWARE

**PROPERTY NUMBERS Total: 1**

Property Type	Number	Word Mark
Registration Number:	1585736	SCUFF EDGE

**CORRESPONDENCE DATA**

Fax Number: (713)222-3287  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: (713) 221-3301  
 Email: james.bradley@bracewellgiuliani.com  
 Correspondent Name: James E. Bradley  
 Address Line 1: P.O. Box 61389  
 Address Line 4: Houston, TEXAS 77208-1389

<b>NAME OF SUBMITTER:</b>	James E. Bradley
<b>Signature:</b>	/james e. bradley/
<b>Date:</b>	08/23/2005

CH \$40.00 1585736

**Total Attachments: 15**

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## **INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT** (this "IP Security Agreement") is made and effective as of June 30, 2005, by and among ETG HOLDINGS, INC., a Delaware corporation ("Holdings"), ENGINEERED TEXTILE GROUP, INC., a Delaware corporation ("ETG"), SOUTHERN WEAVING COMPANY, a North Carolina corporation ("Borrower," and together with Holdings and ETG, each a "Grantor" and collectively the "Grantors"), in favor of ORIX LEVERAGED FINANCE CORP., a Delaware corporation, as agent for the Lenders (as defined in the Credit Agreement (as defined below)) (in such capacity, the "Agent"). Capitalized terms used in this IP Security Agreement and not otherwise defined shall have the respective meanings ascribed to such terms in the Credit Agreement.

### **RECITALS**

**WHEREAS**, pursuant to that certain Credit Agreement, dated as of the date hereof, by and among the Grantors, the Agent and the Lenders (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), the Lenders have agreed, subject to the terms and conditions set forth therein, to make Loans to the Borrower;

**WHEREAS**, the Grantors will derive substantial direct and indirect benefits from the Loans and other financial accommodations provided by the Lenders under the Credit Agreement; and

**WHEREAS**, it is a condition precedent to the obligation of the Lenders to make Loans under the Credit Agreement that the Grantors shall have executed and delivered this IP Security Agreement to the Agent, for the benefit of itself and Lenders;

**NOW, THEREFORE**, in consideration of the willingness of the Agent and the Lenders to enter into the Credit Agreement and of the Lenders to make the Loans pursuant thereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

### **AGREEMENT**

1. Grant of Security Interest. To secure the prompt, punctual and faithful payment and the performance of the Obligations, each Grantor hereby grants to the Agent, for the benefit of itself and the Lenders, a continuing security interest in all of the right, title and interest of such Grantors in and to any and all of the following property, whether now owned or existing or hereafter arising or acquired (the "IP Collateral"):

(a) The U.S. and foreign patents and patent applications set forth on Schedule A attached hereto (collectively, the "Patents");

(b) The U.S., state and foreign trademark and service mark registrations, trademark and service mark applications set forth on Schedule B attached hereto and all goodwill associated with the foregoing (collectively, the "Trademarks");

(c) The domain names and registrations set forth on Schedule C attached hereto and all goodwill associated with the foregoing (collectively, the "Domain Names");

(d) Any and all claims and causes of action for past, present or future infringement of any of the IP Collateral, with the right, but not the obligation, to sue for and collect damages for infringement of the IP Collateral;

(e) Any and all licenses or rights granted under any of the IP Collateral, and all license fees and royalties arising from such licenses or rights;

(f) Any and all divisions, continuations, amendments, renewals, extensions, reissuances and replacements of any of the items listed in clauses (a) through (e) of this paragraph; and

(g) Any and all products and proceeds of any of the foregoing.

Notwithstanding the foregoing, the term IP Collateral shall not include any Excluded Property.

2. Requested Recordation. Each Grantor authorizes and requests that the Commissioner of Patents and Trademarks (and any state, foreign or other authority to which this IP Security Agreement is submitted) file and record this IP Security Agreement (and any corresponding or separate forms of such jurisdiction) in order to publicly reflect the interests of the Agent and the Lenders in the IP Collateral.

3. Assignment. Upon the request of the Agent after the occurrence of any uncured Event of Default, each Grantor shall execute and deliver to the Agent an absolute assignment transferring its entire right, title, and interest in and to the IP Collateral to the Agent, for the ratable benefit of the Lenders.

4. Power of Attorney. Each Grantor hereby irrevocably grants to the Agent, for the benefit of itself and the Lenders, a power of attorney, to act as such Grantor's attorney-in-fact, with full authority in the name, place and stead of such Grantor, from time to time in the Agent's discretion, to take any action and to execute any instrument that the Agent may reasonably deem necessary or advisable to accomplish the purposes of this IP Security Agreement. This authority includes, without limitation, the following:

(a) To modify or amend (in the sole discretion of the Agent and the Lenders and without first obtaining such Grantor's approval thereof or signature thereto) Schedule A, Schedule B and/or Schedule C hereof, as appropriate, to include references to any registered intellectual property (or application or license therefor) acquired by such

Grantor after the execution hereof or to delete any reference to any IP Collateral in which such Grantor no longer has or claims any right, title or interest;

(b) To execute, file and pursue (in the sole discretion of the Agent and the Lenders and without first obtaining such Grantor's approval thereof or signature thereto, unless otherwise prohibited by applicable law) any application, form or other document in order to perfect, maintain, continue or otherwise protect the Agent's interest or such Grantor's rights in the IP Collateral, including, without limitation, executing and filing (i) any financing statement, any continuation statement or any amendment thereto, and (ii) upon the occurrence of any uncured Event of Default, any document in any proceeding before the United States Patent and Trademark Office or the relevant office of any state or foreign jurisdiction (including, without limitation, the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings) and to pay any fees and taxes in connection therewith or otherwise;

(c) To execute any document required to acknowledge, register or perfect the interest of the Agent and the Lenders in any part of the IP Collateral without the signature of such Grantor unless prohibited by applicable law; and

(d) Upon the occurrence of an uncured Event of Default, to (i) endorse the respective Grantor's name on all applications, documents, papers and instruments necessary or desirable for the Agent in the use of the IP Collateral, (ii) take any other actions with respect to the IP Collateral as the Agent deems in its reasonable discretion to be in the best interest of the Agent, (iii) grant or issue any exclusive or non-exclusive license under the IP Collateral to anyone or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the IP Collateral to anyone.

The foregoing power of attorney is coupled with an interest and is irrevocable until the Obligations have been unconditionally and indefeasibly paid and performed in full (other than indemnity obligations under the Credit Agreement that are not then due and payable or for which events or claims that would give rise thereto are not then pending) and the Commitments (except for any Commitments that are continuing on an unsecured basis) have expired or terminated pursuant to the terms of the Credit Agreement.

5. Release. Unless otherwise agreed in writing by the parties, the security interests granted herein will terminate (and all rights to the IP Collateral will revert to each of the Grantors) upon satisfaction of the following conditions: (a) payment and performance in full of all the Obligations (other than indemnity obligations under the Loan Documents that are not then due and payable or for which events or claims that would give rise thereto are not then pending) secured hereby (unconditionally and indefeasibly) and (b) the expiration or termination of the Commitments (except for any obligations designated thereunder as continuing on an unsecured basis) pursuant to the terms of the Credit Agreement. Upon any such termination, the Agent (at the Grantors' request and sole expense) will promptly execute and deliver to the Grantors (with such customary representations and warranties from a secured lender releasing its lien as the

Grantors may reasonably request) such documents as the Grantors may reasonably request and as are provided to the Agent to evidence such termination.

6. Newly Registered Patents, Trademarks and Copyrights. Each Grantor hereby agrees to provide the Agent, for the benefit of itself and the Lenders, every Fiscal Quarter of the Grantors concurrent with the delivery of such Grantors' Compliance Certificate under Section 4.2(b) of the Credit Agreement, a schedule of newly registered Patents, copyrights and Trademarks (if any).

7. Miscellaneous.

(a) This IP Security Agreement has been entered into in conjunction with the provisions of and the security interest granted to the Agent, for the benefit of itself and the Lenders, under the Credit Agreement. The rights and remedies of the Grantors and the Agent with respect to the security interests granted herein are in addition and without prejudice to those set forth in the Credit Agreement and the other Loan Documents, all terms and provisions of which are hereby incorporated herein by reference. In the event that any provisions of this IP Security Agreement are deemed to conflict with the Credit Agreement or the other Loan Documents, the provisions of the Credit Agreement or the other Loan Documents shall govern.

(b) This IP Security Agreement may be executed in any number of counterparts with the same effect as if all the signatures on such counterparts appeared on one document. Each such counterpart will be deemed to be an original, but all counterparts together will constitute one and the same instrument.

***[Remainder of Page Intentionally Blank; Signature Page Follows]***

**IN WITNESS WHEREOF**, the parties hereto have executed this IP Security Agreement as of the date first written above.

**GRANTOR:**

**SOUTHERN WEAVING COMPANY,**  
a North Carolina corporation

By: Bowen Diehl  
Name: BOWEN DIEHL  
Title: Director

**IN WITNESS WHEREOF**, the parties hereto have executed this IP Security Agreement as of the date first written above.

**GRANTOR:**

**ETG HOLDINGS, INC.**,  
a Delaware corporation


By: Bow Diehl  
Bowen S. Diehl  
President ~~and Secretary~~



**IN WITNESS WHEREOF**, the parties hereto have executed this IP Security Agreement as of the date first written above.

**GRANTOR:**

**ENGINEERED TEXTILE GROUP, INC.**,  
a Delaware corporation

By:   
Name: Bowen S. Diehl  
Title: Director

**IN WITNESS WHEREOF**, the parties hereto have executed this IP Security Agreement as of the date first written above.

**AGENT:**

**ORIX LEVERAGED FINANCE CORP.**

By: Kayle Green  
Name: Kayle Green  
Title: Director

ACKNOWLEDGMENT

STATE OF Texas :

: SS

COUNTY OF Dallas :

Before me, the undersigned, a Notary Public, on this 30th day of June, 2005, personally appeared Bowen S. Diel, to me known personally, who, being by me duly sworn, did say that he is the ~~Director~~ President, ~~Chief Executive Officer~~ and ~~Chief Financial Officer~~ of each of Southern Weaving Company and Engineered Textile Group, Inc., each a Grantor, and that said Intellectual Property Security Agreement was signed on behalf of each Grantor, by authority of its board of directors, and the said ~~Director~~ President, ~~Chief Executive Officer~~ and ~~Chief Financial Officer~~ acknowledged said instrument to be his free act and deed.

Michelle L O'Brien  
Notary Public  
My Commission Expires: \_\_\_\_\_



ACKNOWLEDGMENT

STATE OF Texas :

: SS

COUNTY OF Dallas :

Before me, the undersigned, a Notary Public, on this 30th day of June, 2005, personally appeared Bowen S. Diehl, to me known personally, who, being by me duly sworn, did say that he is the President ~~and Secretary~~ of ETG Holdings, Inc., as Grantor, and that said Intellectual Property Security Agreement was signed on behalf of said Grantor, by authority of its board of directors and the said President ~~and Secretary~~ acknowledged said instrument to be his free act and deed.

Michelle L. O'Brien  
Notary Public  
My Commission Expires: \_\_\_\_\_



ACKNOWLEDGMENT

STATE OF TEXAS :  
: SS  
COUNTY OF DALLAS :

Before me, the undersigned, a Notary Public, on this 30th day of June, 2005, personally appeared Kayle Green, to me known personally, who, being by me duly sworn, did say that he is the ~~President~~<sup>Director</sup> of ORIX Leveraged Finance Corp., as Agent, and that said Intellectual Property Security Agreement was signed on behalf of said Agent, and the said ~~Director~~<sup>President</sup> acknowledged said instrument to be his free act and deed.



Victoria Spencer  
Notary Public  
My Commission Expires: 4-17-2008

**SCHEDULE A**

**PATENT COLLATERAL**

**Registered Patents**

None.

**Pending Patent Applications**

None.

**SCHEDULE B**

**TRADEMARK COLLATERAL**

**Registered Trademarks**

<b>Mark</b>	<b>Status</b>	<b>Registration #</b>	<b>Jurisdiction</b>	<b>Comment</b>
"Scuff Edge"	registered	1,585,736	US	
"Southern Weaving Company"	(not registered)			
"Southern Weaving"	(not registered)			
southernweaving.com	(not registered)			
"Royal Cord"	(not registered)			
"Dura-Edge"	registered	TMA493,643	Canada	
"Collingwood Fabrics, Inc."	(not registered)			
"Collingwood Fabrics"	(not registered)			

Pending Trademark Applications

None.

Trademark Licenses

None.



**SCHEDULE C**

**DOMAIN NAMES**

<http://www.southernweaving.com>

(ETG) Intellectual Property Security Agreement  
Dallas/249189.5