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ASSIGNMENTS

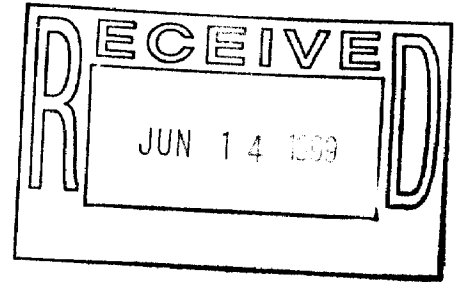


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This cover sheet contains information for recording the assignments of security interests in U.S. Patents.

Name and address of the party conveying the interests:

Tubular Textile LLC
Hargrave Road at I-85
P.O. Box 2097
Lexington, NC 27293



Name and address of the party receiving the interest:

Churchill Capital Partners III, L.P.
2400 Metropolitan Centre
333 South Seventh Street
Minneapolis, MN 55402

Description of the interests conveyed or transactions to be recorded:

Security Interests

Patent numbers against which the document is to be recorded:

<u>REGISTRATION NUMBER</u>	<u>DATE REGISTERED</u>
5,669,155	09/23/97
5,794,317	08/18/98
5,724,689	03/10/98
09/208,231 (Pending)	12/09/98
5,666,704	09/16/97
4,598,444	07/08/96
5,655,275	08/12/97
4,484,369	11/27/84
5,125,034	06/23/92
4,882,819	11/28/89
4,192,045	03/11/80
5,016,329	05/21/91

Correspondence concerning the request to record the document should be mailed to:

Terri G. Duchenes
Rider, Bennett, Egan & Arundel, LLP
2000 Metropolitan Centre
333 South Seventh Street
Minneapolis, MN 55402

Number of applications or registrations identified on this cover sheet: 12

Total fee: \$40.00 per each patent = \$480.00

Date the document was executed: February 19, 1999

The undersigned represents that to the best of her knowledge and belief, the information contained on this cover sheet is true and correct and any copy of a document submitted herewith is a true and correct copy of the original document.

Dated: June 11, 1999

By Terri G. Duchenes
Terri G. Duchenes

03-17-1999



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ORDING PATENT ASSIGNMENTS

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Minneapolis, MN 55402

Number of applications or registrations identified on this cover sheet 2

Adjustment Date: 06/15/1999 DNGUYEN
03/16/1999 JSHABAZZ 00000111 5669155
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PATN

REEL: 010070 FRAME: 0355

Total fee: \$25.00 per each patent = \$300.00

Date the document was executed: February 19, 1999

The undersigned represents that to the best of her knowledge and belief, the information contained on this cover sheet is true and correct and any copy of a document submitted herewith is a true and correct copy of the original document.

Dated: March 3, 1999

By 
Terri G. Duchenes

SECURITY AGREEMENT - INTELLECTUAL PROPERTY

THIS SECURITY AGREEMENT - INTELLECTUAL PROPERTY (the "Agreement"), dated as of the 19th day of February, 1999, between CHURCHILL CAPITAL PARTNERS III, L.P., a Delaware limited partnership (the "Secured Party"), and TUBULAR TEXTILE LLC, a Georgia limited liability company (the "Debtor").

WHEREAS, pursuant to that certain Note Purchase Agreement among the Secured Party and the Debtor of even date herewith (the "Note Purchase Agreement"), the Secured Party has agreed to purchase Notes issued by the Debtor in the aggregate principal amount of Six Million Dollars (\$6,000,000); and

WHEREAS, the Debtor has agreed to enter into this Security Agreement-Intellectual Property in order to induce the Secured Party, inter alia, to enter into the Note Purchase Agreement and to purchase the Notes issued by the Debtor thereunder;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. Except as to those terms otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the respective meanings ascribed to them in the Note Purchase Agreement.

Section 2. The Security Interests.

a. In order to secure the due and punctual payment of the Notes, and the performance of all other Obligations of the Debtor owing to the Secured Party from time to time (including, without limitation, Obligations pursuant to the Note Purchase Agreement and this Agreement), the Debtor hereby grants to the Secured Party a continuing security interest in and to any and all of Debtor's:

i. Patents. Patents, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Patent" means and includes (i) all letters patent of the United States or any other country or any political subdivision thereof, now existing or hereafter acquired, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country or any political subdivision thereof, now existing or hereafter acquired, including without limitation registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (ii) all reissues, continuations, continuations-in-part or extensions thereof), including without limitation each Patent listed on Schedule A hereto, and all of the inventions now or hereafter described and claimed in the Debtor's Patents;

ii. Patent Licenses. Patent Licenses, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Patent Licenses" means and includes any written agreement granting to any person any right to exploit, use or practice any invention on which a Patent is owned by another person), including without limitation each Patent License listed on Schedule A hereto, and all royalties and other sums due or to become due under or in respect of the Debtor's Patent Licenses, together with the right to sue for and collect all such royalties and other sums;

iii. Trademarks. Trademarks and Trademark registrations, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Trademarks" means and includes (i) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including without limitation registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof and (ii) all reissues, extensions or renewals thereof), including without limitation each Trademark registration listed on Schedule A hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark registration and all customer lists and other records of the Debtor relating to the distribution of products bearing a Trademark;

iv. Trademark Licenses. Trademark Licenses, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Trademark Licenses" means and includes any written agreement granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including without limitation the agreements described in Schedule A hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of the Debtor's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;

v. Copyrights. Copyrights and Copyright registrations, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Copyrights" means and includes (i) all copyrights, whether or not published or registered, and all works of authorship and other intellectual property and the rights therein, including without limitation copyrights for computer programs and data bases, and all copyrightable materials, and all tangible property embodying such copyrights or copyrightable materials, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including without limitation registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state thereof any other

country or any political subdivision thereof, and (ii) all renewals, derivative works, enhancements, modifications, new releases and other revisions thereof, and (iii) all accounts receivable, income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including without limitation payments under all licenses entered into in connection therewith, and (iv) all rights corresponding thereto throughout the world), including without limitation each Copyright registration listed on Schedule A hereto;

vi. Copyright Licenses. Copyright Licenses, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Copyright Licenses" means and includes any written agreement granting to any person the right to use or exploit any Copyright or Copyright registration of another person, including without limitation the right to use the foregoing to prepare for sale or distribution and sell or distribute any and all inventory now or hereafter owned by the Debtor and now or hereafter covered by such licenses), including without limitation the license and subscription agreements listed on Schedule A hereto, and all royalties and other sums due or to become due under or in respect of the Debtor's Copyright Licenses, together with the right to sue for and collect all such royalties and other sums;

vii. Know-How and Trade Secret Collateral. All know-how, inventions, processes, methods, information, data, plans, blueprints, specifications, designs, drawings, engineering reports, test reports, material standards, processing standards and performance standards, to the extent that the foregoing pertain to manufacturing, production or processing operations of the Debtor and constitute trade secrets of the Debtor, and all licenses or other similar agreements granted to or by the Debtor with respect to any of the foregoing;

viii. General Intangibles and Records Relating Thereto. General intangibles relating to any of the above-described property and supporting evidence and documents relating to any of the above-described property, including without limitation written applications, correspondence, delivery receipts and notes, together with all books of account, ledgers and cabinets in which the same are reflected or maintained, all whether now existing or hereafter arising;

ix. Accessions and Additions. All accessions and additions to and substitutions and replacements of any and all of the foregoing, whether now existing or hereafter arising; and

x. Proceeds and Products. All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including without limitation (i) any claim of the Debtor against third parties for damages by reason of past, present or future infringement of any (a) Patent or any Patent licensed under any Patent License, (b) Trademark or Trademark registration or of any

Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the use of, or symbolized by, any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, or (c) Copyright or Copyright registration or of any Copyright licensed under any Copyright License, and (ii) any claim by the Debtor against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license or agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (i) and (ii);

all of the foregoing being herein sometimes referred to as the "Collateral."

b. The security interests granted pursuant to this Section 2 (the "Security Interests") are granted as security only, and shall not subject the Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction which gave rise thereto.

Section 3. Use of Collateral. Notwithstanding anything to the contrary contained herein, unless an Event of Default has occurred and is continuing, the Debtor may continue to exploit, license, use, enjoy and protect the Collateral throughout the world and the Secured Party shall from time to time promptly execute and deliver, upon written request of the Debtor, any and all instruments, certificates or other documents, in the form so requested, necessary or appropriate in the reasonable judgment of the Debtor to enable the Debtor to continue to exploit, license, use, enjoy and protect the Collateral throughout the world.

Section 4. Filing of Financing Statements and Other Instruments. The Debtor: (i) will, at its expense, execute, deliver, file and record (in such manner and form as the Secured Party shall reasonably require), or permit the Secured Party to file and record, such financing statements, assignments, continuation statements and other instruments and documents (including without limitation this Agreement) in such offices (including without limitation the United States Patent and Trademark Office and the United States Copyright Office) as the Secured Party may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Secured Party hereunder; (ii) hereby authorizes the Secured Party to file and record such instruments and documents and any other instruments or documents related thereto without the signature of the Debtor where permitted by law; and (iii) agrees to do such further acts and things, and to execute and deliver to the Secured Party such additional instruments and documents, as the Secured Party may reasonably require to carry into effect the purposes of this Agreement or to better assure and confirm unto the Secured Party its respective rights, powers and remedies hereunder; provided, however, that the Secured Party shall give the Debtor notice of any action taken or to be taken by the Secured Party pursuant

to this Section 4. All of the foregoing are to be at the sole cost of the Debtor. Any costs of the foregoing incurred by the Secured Party shall be payable by the Debtor within five (5) days of demand by the Secured Party, and shall constitute so much additional Obligations. The Debtor hereby appoints the Secured Party as the Debtor's attorney-in-fact to execute and file, in the name and on behalf of the Debtor, any additional Financing Statements as the Secured Party may reasonably request.

Section 5. Representations and Warranties of Debtor. The Debtor hereby represents and warrants that:

a. The Debtor is, and, as to the Collateral acquired by it from time to time after the date hereof, the Debtor will be, the owner or, as applicable, licensee of all the Collateral attributed to it pursuant to the Schedule A hereto. The Debtor's rights in such Collateral are and shall remain free and clear of any lien, pledge, security interest, encumbrance, license, assignment, collateral assignment or charge of any kind, including without limitation any filing of or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute, except for the lien and security interest created by this Agreement and except for the Permitted Liens. Except for the Permitted Liens, the Debtor has not made a previous assignment, conveyance, transfer or agreement in conflict herewith. The Debtor further represents and warrants to the Secured Party that Schedule A hereto is a true and correct list of all Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights and Copyright Licenses owned or used by the Debtor as of the date hereof and that Schedule A is true and correct with respect to the matters set forth therein as of the date hereof.

b. The Debtor has full limited liability company power to pledge and grant a security interest in all the Collateral pursuant to this Agreement.

c. No authorization, consent, approval, license, qualification or exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority, or with any securities exchange or any other party, is required in connection with (i) the Debtor's execution, delivery or performance of this Agreement, (ii) the security interest (including the priority thereof when the appropriate filings have been made and accepted) in the Collateral in the manner and for the purpose contemplated by this Agreement or (iii) the rights of the Secured Party created hereby, except those that have already been obtained or made and those referred to in paragraph (f) of this Section 5.

d. The Debtor has made all necessary filings and recordations to protect its interest in the Collateral.

e. The use of the Collateral by the Debtor does not, to the best of the Debtor's knowledge after due inquiry, infringe on the rights of any party, nor has any claim of such infringement been made.

f. Upon filings and the acceptance thereof in the appropriate offices under the Uniform Commercial Code and in the United States Patent and Trademark Office and the United States Copyright Office, this Agreement will create a valid and duly perfected lien and security interest in the Collateral located in the United States subject only to the lien and security interest created by this Agreement and the Permitted Liens.

Section 6. Covenants of the Debtor. The Debtor hereby covenants and agrees that:

a. Except for Permitted Liens, the Debtor will defend the Collateral and the Security Interests against all claims and demands of all Persons at any time claiming any adverse interest with respect thereto.

b. The Debtor will give written notice thereof to the Secured Party at least thirty (30) days prior to any change in the principal executive office of the Debtor or the office where the Debtor maintains its books and records.

c. The Debtor will promptly pay any and all taxes, assessments and governmental charges upon the Collateral on or prior to the time when they become due; provided that this covenant shall not apply to any tax, assessment or charge: (i) being contested by the Debtor in good faith and through appropriate proceedings; (ii) with respect to which adequate reserves have been established and are being maintained in accordance with GAAP; or (iii) that is not subject to enforcement by foreclosure or execution of a lien securing such tax, assessment or charge while said contest is pending.

d. The Debtor will immediately notify the Secured Party of any event causing a loss or diminution in the value of all or any material part of the Collateral, and the amount (or the Debtor's best estimate of the amount) of such loss or diminution.

e. The Debtor (i) will not enter into any agreement that would impair or conflict with such Debtor's obligations hereunder except in connection with the Permitted Liens, (ii) will, promptly following its becoming aware thereof, notify the Secured Party of (A) any final adverse determination in any proceeding in the United States Patent and Trademark Office or United States Copyright Office with respect to any of the Collateral or (B) the institution of any proceeding or any adverse determination in any federal, state, local or foreign court or administrative bodies regarding the Debtor's claim of ownership in or right to use any of the Collateral, its right to register any such Collateral or its right to keep and maintain such registration.

f. The Debtor will not sell or offer to sell or otherwise assign, transfer or dispose of, or grant any option with respect to any of the Collateral or any interest therein (other than licenses to use the Collateral which are granted in the ordinary course of the Debtor's business) without the prior written consent of the Secured Party.

g. Except for Permitted Liens, the Debtor will keep all of the Collateral free from any and all adverse liens, security interests or encumbrances.

h. The Debtor will not use any of the Collateral in violation of any applicable law.

i. The Debtor authorizes the Secured Party to modify this Agreement by amending Schedule A hereto to include any future Collateral.

Section 7. Records Relating to Collateral. The Debtor will keep and maintain complete and accurate records concerning the Collateral at its principal executive office, or at such other place(s) of business as the Secured Party may approve in writing. The Debtor will (a) faithfully hold and preserve such records, (b) permit representatives of the Secured Party, at any time during normal business hours, upon reasonable notice, to examine and inspect the Collateral and to make copies and abstracts of such records, and (c) furnish to the Secured Party such information and reports regarding the Collateral as the Secured Party may from time to time reasonably request.

Section 8. Grant of License to Patents, Trademarks, Copyrights, Etc. Without in any way limiting the scope of the lien and security interest created hereby, the Debtor hereby grants to the Secured Party an irrevocable, nonexclusive license and right to use all of the Debtor's Patents, Patent applications, Patent Licenses, Trademarks, Trademark registration, Trademark Licenses, trade names, trade styles, Copyrights, Copyright registrations, Copyright Licenses and similar intangibles in the processing, production, marketing, distribution or sale by the Secured Party of all or any part of its collateral for the Obligations in connection with any foreclosure or other realization on such collateral. The license and rights granted the Secured Party hereby shall be exercisable without the payment of any royalty, fee, charge or any other compensation to the Debtor or any other party. Such license and rights shall include reasonable access to all records in which any of the licensed items may be recorded or stored. Such license and rights shall be absolute and unconditional to the extent used for the purpose stated above.

Section 9. General Authority.

a. In the event that the Debtor shall fail to satisfy its obligations under Section 6(c) hereof, then the Secured Party shall have the right, but shall not be obligated, to take such steps and make such payments as may be required in order to effect compliance, and the Secured Party shall have the right either to demand and receive immediate

reimbursement from the Debtor for all costs and expenses incurred by the Secured Party in connection therewith, and/or to add such costs and expenses to the Obligations.

b. The Debtor hereby irrevocably appoints the Secured Party the true and lawful attorney for such Debtor, with full power of substitution, in the name of such Debtor, the Secured Party or otherwise, for the purposes of carrying out the terms of this Agreement, but at such Debtor's expense, to the extent permitted by law to exercise, at any time and from time to time after any Event of Default has occurred and is continuing or upon acceleration, any or all of the following powers with respect to any or all of the Collateral (which powers shall be in addition and supplemental to any powers, rights and remedies of the Secured Party described herein):

i. to demand, sue for and collect any and all moneys due or to become due upon or by virtue thereof; and

ii. to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by the Secured Party in connection therewith; and

iii. to settle, compromise, discharge, extend, compound, prosecute or defend any action or proceeding with respect thereto; and

iv. to sell, transfer, assign or otherwise deal in or with same, or the proceeds thereof, as fully and effectually as if the Secured Party were the absolute owner thereof; and

v. to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto; and

vi. to discharge any taxes, liens, security interests or other encumbrances at any time placed thereon; provided, that the Secured Party shall give the Debtor not less than thirty (30) days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral. The Secured Party and the Debtor hereby agree that such notice constitutes "reasonable notification" within the meaning of Section 9-504(3) of the Uniform Commercial Code, as adopted in the State of Minnesota (the "Code").

Section 10. Remedies Upon Event of Default. If any Event of Default shall have occurred and is continuing, the Secured Party may exercise all of the rights and remedies of a secured party under the Code (whether or not the Code is in effect in the jurisdiction where such rights and remedies are exercised) and, in addition, the Secured Party may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (a) apply the cash, if any, then held by it as Collateral in the manner specified in Section 11 hereof, and (b) if there shall be no such cash or if such

cash shall be insufficient to pay all of the Obligations in full, sell the Collateral, or any part thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Secured Party may deem satisfactory. The Secured Party may require the Debtor to assemble all or any part of the Collateral (or tangible documents, plans, etc., representing any Collateral which is intangible) and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to the Debtor and the Secured Party. Any holder of a Note may be the purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale) and thereafter hold same, absolutely free from any right or claim of whatsoever kind. Upon any such sale, the Secured Party shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right of whatsoever kind, including any equity or right of redemption of the Debtor. To the extent permitted by law, the Debtor hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Secured Party may fix in the notice of such sale. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels, as the Secured Party may determine. The Secured Party shall not be obligated to make such sale pursuant to any such notice. The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Secured Party until the selling price is paid by the purchaser thereof, but the Secured Party shall not incur any liability in the case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. The Secured Party, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court of competent jurisdiction.

Section 11. Application of Collateral and Proceeds. The proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied in the following order of priorities:

a. first, to pay the expenses of such sale or other realization, and all expenses, liabilities and advances incurred or made by the Secured Party in connection therewith, and any other unreimbursed expenses for which the Secured Party is to be reimbursed pursuant to Section 12 hereof;

b. second, to the payment of the Obligations in such order or manner as the Secured Party, in its sole discretion, shall determine; and

c. finally, to pay to the Debtor, or its successors or assigns, or as a court of competent jurisdiction may direct, any surplus then remaining from such proceeds.

Section 12. Expenses. The Debtor shall forthwith upon demand pay to the Secured Party:

a. the amount of any taxes or other charges which the Secured Party may have been required to pay by reason of the Security Interests (including any applicable transfer taxes) or to free any of the Collateral from any lien thereon; and

b. the amount of any and all reasonable out-of-pocket expenses, including the reasonable fees and disbursements of its legal counsel and the allocated cost of in-house legal services, which the Secured Party may incur in connection with (i) the collection, sale or other disposition of any of the Collateral, (ii) the exercise by the Secured Party of any of the powers conferred upon it hereunder, and/or (iii) any default on the Debtor's part hereunder.

Section 13. Termination of Security Interests and Licenses; Release of Collateral; Revival of Obligations. Upon the repayment and performance in full of all of the Obligations, the Security Interests and licenses granted to the Secured Party shall terminate and all rights in the Collateral shall revert to the Debtor. Upon any such termination of the Security Interests and licenses or release of Collateral, the Secured Party will, at the Debtor's expense, promptly execute and deliver to the Debtor such documents as the Debtor shall reasonably request to evidence the termination of the Security Interests and licenses or the release of such Collateral, as the case may be. Said execution and delivery shall include an instrument in form recordable in the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, by which the Secured Party shall terminate, release and without representation, recourse or warranty, reassign to the Debtor all rights in each Patent, Patent License, Trademark, Trademark License, Copyright and Copyright License including each registration thereof and application therefor, conveyed and transferred to the Secured Party pursuant to this Agreement. If any payment applied by the Secured Party to Obligations is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Debtor or any other obligor), the Obligations to which such payment was applied shall for the purposes of this Agreement be deemed to have continued in existence, notwithstanding such application, and this Agreement shall be enforceable as to such Obligations as fully as if such application had never been made, notwithstanding the surrender of any Note, termination of any financing statement, or cancellation of any instrument or document.

Section 14. Right of Set-Off. In furtherance and not in limitation of any provisions herein contained, the Debtor hereby agrees that any and all deposits or other sums at any time claimed by or due from the Secured Party to the Debtor shall at all times constitute security for the Obligations, and the Secured Party may exercise any right of set-off against such deposits or other sums as may accrue or exist hereunder and/or under applicable law.

Section 15. Miscellaneous.

a. Changes in Writing. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally but only by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

b. Waivers; Non-Exclusive Remedies. No failure on the part of the Secured Party to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power or remedy under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by the Secured Party of any right, power or remedy under this Agreement operate as a waiver thereof; nor shall any single or partial exercise by the Secured Party of any right, power or remedy under this Agreement preclude any exercise of any other right, power or remedy. The remedies in this Agreement are cumulative and are not exclusive of any other remedies provided by law, in equity or otherwise.

c. Assignment. This Agreement may not be assigned by the Debtor without the Secured Party's prior written consent, but shall otherwise be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

d. Notices. Section 10.04 of the Note Purchase Agreement, as amended from time to time, is incorporated herein by reference and shall apply to all notices required hereunder as if fully set forth herein.

e. Severability. If any provision hereof is held invalid or unenforceable in any jurisdiction, such provision shall (for purposes of enforcement in such jurisdiction only) be reduced in scope and effect to the extent necessary to render same enforceable, and the other provisions hereof shall remain in full force and effect.

f. Governing Law; Consent to Jurisdiction and Venue; Service of Process; Waiver of Jury Trial. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Minnesota without giving effect to conflict of laws principles thereof, except if and to the extent that the validity or perfection of any security interest created hereby, or remedies hereunder in respect of any particular Collateral are required to be governed by the laws of a jurisdiction other than the State of Minnesota. Regardless of any present or future domicile of the Debtor, the Debtor hereby

submits to the jurisdiction and venue of the United States District Court for the District of Minnesota, and the Hennepin County District Court, State of Minnesota, for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Debtor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in any such court and irrevocably waives any objection it may now or hereafter have as to the jurisdiction or venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. Nothing herein shall limit the right of the Secured Party to bring proceedings against the Debtor in any other court of competent jurisdiction. Any legal proceeding by the Debtor against Secured Party involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Agreement or any document executed and delivered in connection herewith shall be brought only in the United States District Court for the District of Minnesota, or the Hennepin County District Court, State of Minnesota. In the event the Debtor commences any action in another jurisdiction or venue arising directly or indirectly from the relationship created by this Agreement, the Secured Party shall be entitled to have the case transferred to the jurisdiction and venue above-described, or if such transfer cannot be accomplished under applicable law, to have such case dismissed without prejudice. The Debtor hereby consents to service of process by registered mail delivered in accordance with the provisions of Section 10.04 of the Note Purchase Agreement or service of process in any other legal manner at the option of the Secured Party.

THE DEBTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

g. Section Headings. The headings in this Agreement are for convenience of reference only, and shall not limit or otherwise affect the meaning or interpretation of any provision hereof.

h. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement-
Intellectual Property to be executed as of the day and year first above written.

TUBULAR TEXTILE LLC, a
Georgia limited liability company

CHURCHILL CAPITAL PARTNERS III, L.P.

By Churchill Capital, L.L.C.

Its General Partner

By Churchill Capital, Inc.

Its Managing Agent

By Michael S. L.
Its Asst. Sec.

By K. C. Dooley
Its ~~Principal~~ SVP

SCHEDULE A
TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

1. Patents: See Exhibit A.
2. Patent Licenses: NONE
3. Trademarks: See Exhibit A.
4. Trademark Licenses: NONE
5. Copyrights: NONE
6. Copyright Licenses: NONE

EXHIBIT A

PATENTS				
Country	Description	Reg./App.	Date Reg./Filed	Status
U.S.	Suction Drum System For Processing Web Material Particularly Knitted Fabrics	5,669,155	09/23/97	Reg.
U.S.	Non-Marking Spreader for Tubular Knitted Fabric	5,794,317	08/18/98	Reg.
U.S.	Method and Apparatus for Treating Knitted Fabric	5,724,689	03/10/98	Reg.
U.S.	Heating System for Compressive Shrinkage Machines	09/208,231	12/09/98	Pending
U.S.	Detwisting Mechanism for Fabric Processing Line	5,666,704	09/16/97	Reg.
U.S.	Spreader - Propeller Apparatus for Tubular Knitted Fabric	4,598,444 (expired 7/8/98)	07/08/86	Reg.
U.S.	Adjustment and Cleaning Mechanisms for compressive Shrinkage Apparatus	5,655,275	08/12/97	Reg.
U.S.	Method for Drying Tubular Knitted Fabric: High Velocity Gas Flow	4,484,369	11/27/84	Reg.
U.S.	Method and Apparatus for Analyzing Fabric Conditions	5,125,034	06/23/92	Reg.
U.S.	Pak-Nit II (Method)	4,882,819	11/28/89	Reg.

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TRADEMARKS:

Description	Reg./App.	Date Reg./App.	Status	Assignment
PAK-NIT (STYLIZED)	739,418	10/16/62	Reg. TM	Complete. Both firms have this listed; client requested to DROP; valid until 10/16/02
PAK-NIT (STYLIZED)	738,717	10/02/62	Reg. TM	Valid until 10/02/02
PADROL	705953	10/18/60	Reg. TM	Valid until 10/18/00
REELAX-JET (STYLIZED)	692,774	02/09/60	Reg. TM	Valid until 02/09/00
TUBE-TEX (STYLIZED)	842,831	01/23/68	Reg. TM	Valid until 01/23/08
TUBE-TEX (STYLIZED)	290,179	12/22/31	Reg. TM	Valid until 12/22/01
PAK-NIT and Design	770,404	05/26/64	Reg. TM	
DYROL (STYLIZED)	1,297,392	09/25/84	Reg. TM	

TRADEMARK APPLICATIONS:

None.

SCHEDULE B
TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

EXCEPTIONS
TO
REPRESENTATIONS AND WARRANTIES
AND TO COVENANTS

None.

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