

Form PTO-1595 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings		RECORDATION FORM COVER SHEET PATENTS ONLY		U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office	
To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.					
1. Name of conveying party(ies): <u>Pulaski Furniture Corporation</u>		2. Name and address of receiving party(ies) Name: <u>Fleet Capital Corporation, as Agent</u> Internal Address: _____ _____ _____ Street Address: <u>300 Galleria Parkway, Suite 800</u> _____ _____ City: <u>Atlanta</u> State: <u>GA</u> Zip: <u>303339</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____					
Execution Date: <u>November 18, 2003</u>					
4. Application number(s) or patent number(s): If this document is being filed together with a new application, the execution date of the application is: _____ A. Patent Application No.(s) <u>10/051,061 and 10/285,517</u> B. Patent No.(s) <u>4,879,701</u> Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Elizabeth G. Hartnett</u> Internal Address: <u>Parker, Hudson,</u> <u>Rainer & Dobbs, LLP</u> _____ _____ Street Address: <u>285 Peachtree Center Avenue</u> <u>1500 Marquis Two Tower</u> City: <u>Atlanta</u> State: <u>GA</u> Zip: <u>30303</u>		6. Total number of applications and patents involved: <u>3</u> 7. Total fee (37 CFR 3.41).....\$ <u>120</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account 8. Deposit account number: <u>502831</u> (Attach duplicate copy of this page if paying by deposit account)			
DO NOT USE THIS SPACE					
9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. <u>Bobbi Acord</u> <u>12/2/03</u> Name of Person Signing Signature Date Total number of pages including cover sheet, attachments, and documents: <u>9</u>					

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

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PATENT
REEL: 014162 FRAME: 0944

PATENT SECURITY AGREEMENT

This **PATENT SECURITY AGREEMENT** (this "Agreement") is made this 18th day of November, 2003, between **FLEET CAPITAL CORPORATION**, a Rhode Island corporation having an office at 300 Galleria Parkway, Suite 800, Atlanta, Georgia 30339, in its capacity as collateral and administrative agent for itself and Lenders (as hereinafter defined) (together with its successors in such capacity, "Agent"), and **PULASKI FURNITURE CORPORATION**, a Virginia corporation having its principal place of business at 301 North Madison Avenue, Pulaski, Virginia 24301 (the "Company").

Recitals:

The Company desires to obtain loans and other financial accommodations from certain financial institutions ("Lenders") that are parties from time to time to that certain Loan and Security Agreement dated on or about the date hereof, among the Company, the other borrowers named therein, Agent and Lenders (as at any time amended, the "Loan Agreement").

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

NOW, THEREFORE, for Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, 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 grants, assigns and pledges to Agent, for its benefit and the ratable benefit of Lenders, a continuing security interest in and Lien upon all of the following property of the Company, whether now existing or hereafter created or acquired (the "Patent Collateral"):

(a) the entire right, title and interest of the Company in and to the patent applications and patents listed in Exhibit A attached hereto (as the same may be amended from time to time), and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof, including, without limitation, the right to sue for past, present and future infringements and rights corresponding thereto throughout the world (all of the foregoing being herein collectively referred to as the "Patents"); and

(b) All proceeds of the foregoing (such as, by way of example, license royalties and proceeds of infringement suits).

3. The Company covenants with and warrants to Agent, for its benefit and the benefit of Lender, that:

(a) The Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(b) The Company is now and shall continue to be the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, free and clear of any Liens other than Permitted Liens;

(c) The Company has the unqualified right to enter into this Agreement and perform its terms and, to the extent it deems reasonably necessary, has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained; and

(d) 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 Patents and has made, and will continue to make, all appropriate filings with the United States Patent and Trademark Office to maintain the Patents in existence, including, without limitation, filing all necessary documents with the United States Patent and Trademark Office for each Patent to maintain it without loss of protection therefor, unless no Event of Default exists or would result from the cessation of use of such Patent and the Company determines in good faith that the continued use of such Patent is not necessary in the Ordinary Course of Business of the Company.

4. 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 Patents 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 obligations under this Agreement.

5. If, before the Obligations shall have been satisfied in full and the Loan Agreement has been terminated, the Company shall obtain rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent, the provisions of paragraph 2 shall automatically apply thereto and the Company shall give to Agent prompt notice thereof in writing.

6. The Company irrevocably authorizes and empowers Agent to modify this Agreement by amending Exhibit A to include any future patents and patent applications within the definition of Patents under paragraph 2 or paragraph 5 hereof.

7. The Company hereby authorizes Agent, and its employees and agents (and any Lender or Lenders and their respective employees and agents, but at their own expense, unless a Default or Event of Default exists), as often as may be reasonably requested, but only during normal business hours and (except when a Default or Event of Default exists) upon reasonable prior notice to the Company, subject only to any obligations of confidentiality to which the Company, its employees and agents are then subject with respect thereto, to visit the Company's plants and facilities at which any patented inventions are located or which manufacture, inspect or store products made under any of the Patents and to inspect the products and quality control records relating thereto.

8. 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 ratable benefit of Lenders, without demand of performance and without other 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, and without advertisement (except as otherwise provided by Applicable Law), collect directly any payments due the Company in respect of the Patent Collateral, or sell at public or private sale or otherwise realize upon the whole or from time to time any of the Patent Collateral, or any interest which the Company may have therein. The Company hereby agrees that ten (10) days notice to the Company of any public or private sale or other disposition of any of the Patent 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 Applicable Law, purchase the whole or any part of the Patent 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 Patent 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 or 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, the Company and each guarantor of the Obligations shall remain jointly and severally liable to Agent and Lenders therefor.

9. 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 the extent permitted by Applicable Law: to endorse the Company's name on all applications, documents, papers and instruments necessary for Agent to continue the maintenance of or to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of any Patent 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.

10. 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 and other instruments necessary to terminate Agent's security interest in the Patent Collateral, subject to any disposition thereof which may have been made by Agent pursuant to the terms of this Agreement, or any of the other Loan Documents.

11. 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 other public offices, the payment or discharge of any taxes, counsel fees, maintenance fees or Liens, or otherwise, in protecting, maintaining and preserving any Patent Collateral or in defending or prosecuting any actions or proceedings arising out of or related to any Patent 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 maintenance fees payable with respect to the Patents) or, if paid by Agent in its sole discretion, shall be reimbursed by the Company to Agent **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.

12. The Company shall use its best efforts to detect any infringers of the Patents and shall notify Agent in writing of infringements detected. The Company shall prosecute diligently any patent application for a Patent pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full and the Loan Agreement terminated, make application on unpatented but patentable inventions (subject to Company's reasonable discretion in Ordinary Course of Business, or, during the existence of an Event of Default, promptly upon Agent's request), file and prosecute opposition and cancellation proceedings, file and prosecute lawsuits to protect the Patents and do any and all acts which are deemed necessary or desirable by Agent to preserve and maintain all rights in patent applications for the Patents, unless no Event of Default exists or would result from the cessation of use of such Patents and the Company determines in good faith that the continued use of such Patents is not necessary in the Ordinary Course of Business of the Company. Any expenses incurred in connection with such an application or proceedings shall be borne by the Company. The Company shall not abandon any pending patent application or patent, without the prior written consent of Agent, unless no Event of Default exists or would result from such abandonment and the Company determines in good faith that such patent application or patent is not necessary in the Ordinary Course of Business of the Company.

13. Notwithstanding anything to the contrary contained in paragraph 12 hereof, if an Event of Default exists, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and any license hereunder, or to defend any suit or counterclaim in its own name to protect any Patents or 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 in aid of such enforcement or defense and the Company shall promptly, upon demand, reimburse and indemnify Agent for all costs and expenses incurred by Agent in the exercise of its rights under this paragraph 13.

14. If the Company fails to comply with any of its obligations hereunder, then 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 Patents or Agent's interest therein pursuant to this Agreement.

15. No course of dealing between the Company and Agent, nor any failure to exercise, nor any delay in exercising, on the part of Agent, any right, power or privilege hereunder or under any of the other Loan Documents 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 future exercise thereof or the exercise of any other right, power or privilege.

16. All of Agent's rights and remedies with respect to the Patent Collateral, whether established by this Agreement or any of the other Loan Documents, or by any other agreements or by Applicable Law, shall be cumulative and may be exercised singularly or concurrently.

17. 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, the same shall be deemed severed herefrom and shall not in any manner affect such clause or provisions in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

18. This Agreement, together with the other Loan Documents, 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 express or implied, oral or written. This Agreement is subject to modification only by writing signed by the parties, except as provided in paragraph 6 hereof.

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

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

21. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia.

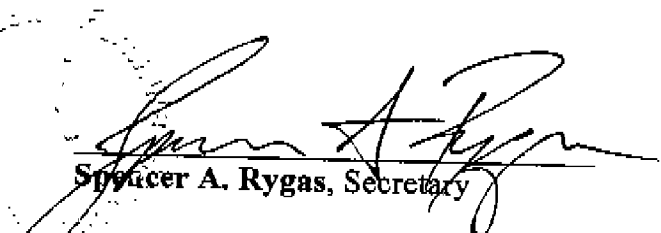
22. To the fullest extent permitted by Applicable Law, the Company and Agent each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Patent Collateral.

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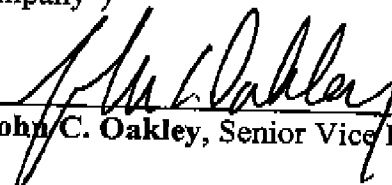
[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal on the day and year first written above.

ATTEST:


Spencer A. Rygas, Secretary
[CORPORATE SEAL]

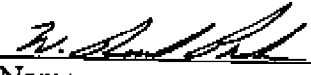
PULASKI FURNITURE CORPORATION
("Company")

By: 
John C. Oakley, Senior Vice President


Witness

Accepted:

FLEET CAPITAL CORPORATION,
as Agent ("Agent")

By: 
Name: W. REED PARKER
Title: VP

STATE OF GEORGIA)
COUNTY OF FULTON)

BEFORE ME, the undersigned authority, on this day personally appeared John C. Oakley, Senior Vice President of Pulaski Furniture Corporation, a Virginia corporation, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 18th day of November, 2003.

Elizabeth G. Hartnett
Notary Public
My Commission Expires June 19, 2007



STATE OF GEORGIA)
COUNTY OF FULTON)

BEFORE ME, the undersigned authority, on this day personally appeared W. Reed Paden, Vice President of Fleet Capital Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 18th day of November, 2003.

Elizabeth G. Hartnett
Notary Public
My Commission Expires June 19, 2007



EXHIBIT APatents

Patent	Federal Patent Number	Patent Issue Date
Pulaski Furniture Corporation Memorialized Case Clocks	4,879,701	November 7, 1998

Patent Applications

Patent Application	Federal Application Number	Application Date
Pulaski Furniture Corporation Furniture Support System	10/051,061	January 22, 2002
Pulaski Furniture Corporation Furniture Unit using Dual Slider Mechanism	10/285,517	November 1, 2002