

01-21-1999

To the Honorable Commission



attached original documents or copy thereof.

MRD 1/19/99

1. Name of conveying party(ies):
Quantum Foods, Inc.
750 South Schmidt Road
Bolingbrook, IL 60440
a Delaware Corporation

100946899

address of receiving party(ies)

Name: American National Bank and Trust Company of Chicago

Internal Address:

3. Nature of conveyance:

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

Street Address: 120 S. LaSalle St. 8th Floor

City: Chicago State: IL ZIF: 60603-3400

Execution Date: December 30, 1998

4. Application number(s) or registration number(s):

Trademark Application No(s). 75/432286; 75/476415;
75/448532; 75/476366; 75/476413 75/233247;
75/488631; 74/469859; 74/326260

B. Trademark Registration No(s). 2113362; 2174151;
2068594; 2167935; 1764690

Additional numbers attached? Yes No

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

Name: Linda A. Heban

Internal Address: JONES, DAY, REAVIS & POGUE

Street Address: 77 W. Wacker Dr.

City: Chicago State: IL ZIP: 60601-1692

6. Total number of applications and registrations involved

7. Total fee (37 CFR 3.41) \$ 365.00

Enclosed

Authorized to be charged to deposit account.

8. Deposit account number

10-1202

(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.

LINDA A. HEBAN *Linda A. Heban* Jan 5, 1999
Name of Person Signing Signature Date

01/20/1999 DNGUYEN (0000244 2113362

01 FC:401
02 FC:402

40.00 OF
325.00 OF

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

I HEREBY CERTIFY THAT THIS CORRESPONDENCE IS BEING DEPOSITED WITH THE U.S. POSTAL SERVICE AS FIRST CLASS MAIL IN AN ENVELOPE ADDRESSED TO COMMISSIONER OF PATENTS AND TRADEMARKS, BOX ASSIGNMENTS, WASHINGTON, D.C. 20231

ON *JAN 4 11 1999*
Mariane M. Williams

TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement, made as of December 30, 1998 (this "Agreement"), is made by Quantum Foods, Inc., a Delaware corporation (the "Borrower") and American National Bank and Trust Company of Chicago, a national banking association (the "Lender"). Capitalized terms used in this Agreement and not otherwise defined have the meanings assigned to such terms in the QFI Loan Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Borrower and the Lender are parties to the Loan and Security Agreement of even date herewith (as such agreement may be amended, restated, supplemented or otherwise modified from time to time, the "QFI Loan Agreement"), among the Borrower, its affiliates and the Lender, under which the Lender may, from time to time, extend credit to the Borrower and its affiliates; and

WHEREAS, the Lender has required the Borrower to execute and deliver this Agreement in favor of the Lender (i) in order to secure complete payment of the Liabilities (as defined in the QFI Loan Agreement) and performance of its obligations under the QFI Loan Agreement and the QFI Financing Agreements (as defined in the QFI Loan Agreement) and (ii) as a condition precedent to any extension of credit under the QFI Loan Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Lender agree as follows:

1. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Liabilities, the Borrower grants to the Lender a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law and the QFI Loan Agreement, all of the Borrower's now owned or existing and hereafter acquired or arising:

(A) trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on the attached Schedule I and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of the Borrower's business symbolized by the foregoing and connected therewith and (v) all of the Borrower's rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications and service marks, registered service marks and service mark applications, together with the items described in clauses (i)-(v) above Section 1(A) are referred to collectively as the "Trademarks"); and

(B) rights under or interests in any trademark license agreements or service mark license agreements with any other party, whether the Borrower is licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on the attached Schedule II, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by the Borrower and now or hereafter covered by such licenses (all of the foregoing are referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this Section 1(B), the Licenses do not include any license agreement in effect as of the date of this Agreement which by its terms prohibits the grant of the security contemplated by this Agreement; *provided, however*, that upon the termination of such prohibitions for any reason whatsoever, the provision of this Section 1 are deemed to apply thereto automatically.

2. Restrictions on Future Agreements. The Borrower will not, without the Lender's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement and the Borrower further agree that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect affect the validity or enforcement of the rights transferred to the Lender under this Agreement or the rights associated with the Trademarks or Licenses.

3. New Trademarks and Licenses. The Borrower represents and warrants that, from and after the date of this Agreement, (i) the Trademarks listed on Schedule I include all of the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned or held by the Borrower, (ii) the Licenses listed on Schedule II include all of the trademark license agreements and service mark license agreements under which the Borrower is the licensee or licensor and (iii) no Liens, claims or encumbrances in such Trademarks and Licenses have been granted by the Borrower to any Person or asserted by any Person against the Borrower other than the Lender. If, prior to the termination of this Agreement, the Borrower (a) obtain rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (b) become entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensees or licensors or (c) enter into any new trademark license agreement or service mark license agreement, the provisions of Section 1 automatically apply thereto. The Borrower will give to the Lender written notice of events described in clauses (a)-(c) above promptly after the occurrence thereof, but in any event not less frequently than on a quarterly basis. The Borrower authorizes the Lender to modify this Agreement unilaterally (x) by amending Schedule I to include any future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and by amending Schedule II to include any future trademark license agreements and service mark license agreements, which are Trademarks or Licenses under Section 1 or under this Section 3 and (y) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule I or Schedule II thereto, as the case may be, such future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, and trademark license agreements and service mark license agreements.

4. Royalties. The Borrower agrees that the use by the Lender of the Trademarks and Licenses as authorized under this Agreement in connection with the Lender's exercise of its rights and remedies under Section 12 or under Section 8.2 of the QFI Loan Agreement are coextensive with the Borrower's rights thereunder and with respect thereto and without any liability to the Borrower for royalties or other related charges from the Lender.

5. Right to Inspect; Further Assignments and Security Interests. The Lender may at all reasonable times (and at any time when an Event of Default exists) have access to, examine, audit, make copies (at the Borrower's expense) and extracts from and inspect the Borrower's premises and examine the Borrower's books, records and operations relating to the Trademarks and Licenses. From and after the occurrence of an Event of Default, the Borrower agrees that the Lender, or a conservator appointed by the Lender, has the right to establish such reasonable additional product quality controls as the Lender or such conservator, in its sole and absolute judgment, may deem necessary to assure maintenance of the quality of products sold by the Borrower under the Trademarks and the Licenses or in connection with which such Trademarks and Licenses are used. The Borrower agrees (i) not to sell or assign its respective interests in, or grant any license under, the Trademarks or the Licenses without the prior written consent of the Lender, (ii) to maintain the quality of such products as of the date of this Agreement, and (iii) not to change the quality of such products in any material respect without the Lender's prior written consent.

6. Nature and Continuation of the Lender's Security Interest; Termination of the Lender's Security Interest. This Agreement is made for collateral security purposes only. This Agreement creates a continuing security interest in the Trademarks and Licenses and terminates only when the Liabilities due and payable have been paid in full in cash and the QFI Loan Agreement has been terminated. When this Agreement has terminated, the Lender will promptly execute and deliver to the Borrower, at the Borrower's expense, all termination statements and other instruments as may be necessary or proper to terminate the Lender's security interest in the Trademarks and the Licenses, subject to any disposition thereof which may have been made by the Lender under this Agreement or the QFI Loan Agreement.

7. Duties of the Borrower. The Borrower has the duty, to the extent desirable in the normal conduct of the Borrower's business, to: (i) prosecute diligently and in good faith any trademark application or service mark application that is part of the Trademarks pending as of the date of this Agreement or hereafter until the termination of this Agreement and (ii) make application for trademarks or service marks. The Borrower will use its best efforts to maintain in full force and effect the Trademarks and the Licenses that are or will be necessary or economically desirable in the operation of the Borrower's business. Any expenses incurred in connection with the foregoing will be borne by the Borrower. The Lender does not have any duty with respect to the Trademarks and Licenses. Without limiting the generality of the foregoing, the Lender is not under any obligation to take any steps necessary to preserve rights in the Trademarks or Licenses against other parties, but may do so at its option from and after the occurrence of an Event of Default and all expenses incurred in connection therewith will be for the sole account of the Borrower and will be added to the Liabilities secured thereby.

8. The Lender's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, the Lender has the right, but is not obligated, to bring suit in its own name to enforce the Trademarks and the Licenses and, if the Lender commences any such suit, the Borrower will, at the request of the Lender, do any and all lawful acts and execute any and all

proper documents required by the Lender in aid of such enforcement. The Borrower will, upon demand, promptly reimburse the Lender for all costs and expenses incurred by the Lender in the exercise of its rights under this Section 8 (including, without limitation, fees and expenses of attorneys and paralegals for the Lender).

9. Waivers. The Lender's failure, at any time or times hereafter, to require strict performance by the Borrower of any provision of this Agreement does not waive, affect or diminish any right of the Lender thereafter to demand strict compliance and performance therewith nor does any course of dealing between the Borrower and the Lender have such effect. No single or partial exercise of any right under this Agreement precludes any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of the Borrower contained in this Agreement are deemed to have been suspended or waived by the Lender unless such suspension or waiver is in writing signed by an officer of the Lender and directed to the Borrower specifying such suspension or waiver.

10. Severability. Whenever possible, each provision of this Agreement is interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision is held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability will affect only such clause or provision, or part of such clause or provision, in such jurisdiction, and does 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.

11. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Sections 1 and 5 or by a writing signed by the Borrower and the Lender.

12. Cumulative Remedies; Power of Attorney. (A) The Borrower irrevocably designates, constitutes and appoints the Lender (and all Persons designated by the Lender in its sole and absolute discretion) as the Borrower's true and lawful attorney-in-fact, and authorizes the Lender and any of the Lender's designees, in the Borrower's or the Lender's name, to take any action and execute any instrument to the extent necessary to accomplish the purposes of this Agreement, including, without limitation, from and after the occurrence and during the continuance of an Event of Default and the giving by the Lender of notice to the Borrower of the Lender's intention to enforce its rights and claims against the Borrower, to (i) endorse the Borrower's names on all applications, documents, papers and instruments necessary or desirable for the Lender in the use of the Trademarks or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks or, to the extent permitted, under the Licenses, to anyone and (iv) take any other actions with respect to the Trademarks or the Licenses as the Lender deems in its best interest. The Borrower ratifies all that such attorney-in-fact lawfully does or causes to be done by virtue of the provisions of this Section 12. This power of attorney is coupled with an interest and is irrevocable until all of the Liabilities due and payable have been paid in full in cash and the QFI Loan Agreement has been terminated. The Borrower acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Lender under the QFI Loan Agreement or any of the QFI Financing Agreements, but rather is intended to facilitate the exercise of such rights and remedies.

(B) The Lender has, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks or the Licenses may be located or deemed located. Upon the occurrence and during the continuance of an Event of Default and the election by the Lender to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Trademarks and Licenses, the Borrower agrees to assign, convey and otherwise transfer title in and to the Trademarks and the Licenses to the Lender or any transferee of the Lender and to execute and deliver to the Lender or any such transferee all such agreements, documents and instruments as may be necessary, in the Lender's sole discretion, to effect such assignment, conveyance and transfer. All of the Lender's rights and remedies with respect to the Trademarks and the Licenses, whether established by this Agreement, by the QFI Loan Agreement, by any other agreements or by law, are cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth in this Agreement to the contrary, it is expressly agreed that upon the occurrence of an Event of Default, the Lender may exercise any of the rights and remedies provided in this Agreement, the QFI Loan Agreement and any of the QFI Financing Agreements.

13. Successors and Assigns. This Agreement is binding upon the Borrower and its successors and assigns, and inures to the benefit of the Lender and its permitted successors and assigns. The Borrower's successors and assigns include, without limitation, a receiver, trustee or debtor-in-possession of or for the Borrower; *provided, however,* that the Borrower will not voluntarily assign or transfer its rights or obligations under this Agreement without the Lender's prior written consent.

14. Governing Law. The Lender and the Borrower accept this Agreement at Chicago, Illinois by signing and delivering it there. Any dispute between the Lender and the Borrower arising out of, connected with, related to or incidental to the relationship between them in connection with this Agreement, and whether arising in contract, tort, equity or otherwise, will be resolved in accordance with the internal laws (as opposed to conflict of laws provisions) of the State of Illinois.

15. Notices. All notices or other communications under this Agreement will be given in the manner and to the addresses set forth in the QFI Loan Agreement.

16. Section Titles. The section and paragraph titles of this Agreement are for convenience of reference only, and do not affect in any way the interpretation of any of the provisions of this Agreement.

17. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties to this Agreement in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together constitute one and the same agreement.

* * *

Delivered at Chicago, Illinois. as of the day and year first above written

QUANTUM FOODS, INC.

By: 

Name: Edward B. Bleka

Title:

Accepted and agreed to as of the
day and year first above written.

AMERICAN NATIONAL BANK AND
TRUST COMPANY OF CHICAGO

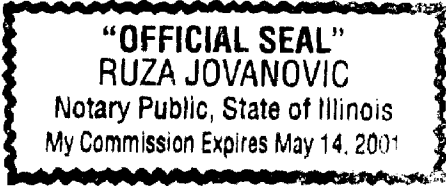
By: 

Name: Thomas E. O'Neil

Title: Vice President

STATE OF:)
)
COUNTY OF:)

The foregoing Trademark Security Agreement was acknowledged before me this 12th day of December, 1998, by Edward B. Bleka, the CEO of Quantum Foods, Inc., on behalf of such corporation.

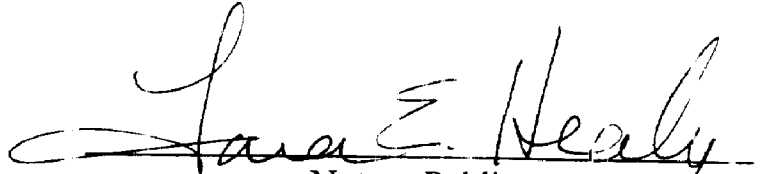


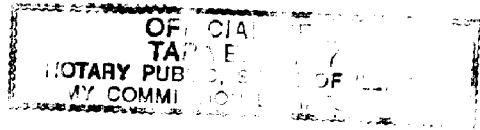
Ruza Jovanovic
Notary Public

My commission expires: 5-14-2001

STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing Trademark Security Agreement was acknowledged before me this 30th day of December 30 1998, by Thomas E. O'Hare a Vice President of American National Bank and Trust Company of Chicago, a national banking association, on behalf of such association.


Notary Public
My commission expires: _____



SCHEDULE II

LICENSES

None