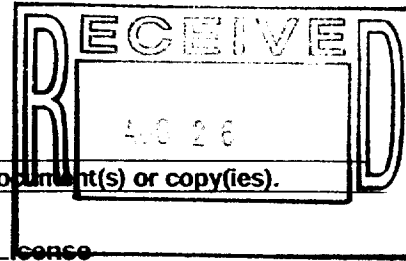


08-30-1999



101130706

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY



*Handwritten:* H/26/99

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  Licence
- Security Agreement  Nunc Pro Tunc Assignment  
Effective Date  
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

08/30/1999 MTHAI1 00000114 75740880

FOR OFFICE USE ONLY

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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks Box Assignments Washington D.C. 20231

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text" value="75740880"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**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. Charges to deposit account are authorized, as indicated herein.

Richard D. Zimmerman

Name of Person Signing

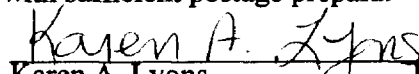


Signature

August 23, 1999

Date Signed

I hereby certify that on August 23, 1999 this Recordation Cover Sheet Trademarks (2 pages), Check No. 3409 for \$40, and Trademark Security Agreement (8 pages plus 1 page Exhibit A) were mailed under 37 CFR §1.08 by U. S. Postal Service, first-class mail, to Commissioner of Patents and Trademarks, Box Assignments, Washington, DC 20231 with sufficient postage prepaid.

  
Karen A. Lyons Date: 8/23/99  
TRADEMARK  
REEL: 001950 FRAME: 0655

## TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT ("AGREEMENT") is dated as of June \_\_\_\_, 1999, by and between SHERWOOD BRANDS, INC., a North Carolina corporation ("PLEDGOR"), with its mailing address at 1803 Research Boulevard, Suite 201, Rockville, Maryland 20850, and FIRST UNION NATIONAL BANK, a national banking association ("LENDER"), with its mailing address at 1970 Chain Bridge Road, 8th Floor, South, McLean, Virginia 22102-4099.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, the PLEDGOR agrees with the LENDER as follows:

Section 1. Defined Terms. As used in this AGREEMENT, the terms set forth in this Section 1 have the meanings set forth below, unless the specific context of this AGREEMENT clearly requires a different meaning. Terms defined in this Section 1 or elsewhere in this AGREEMENT are in all capital letters throughout this AGREEMENT. The singular use of any defined term includes the plural and the plural use includes the singular.

a. "BORROWERS" means collectively Sherwood Brands, LLC, a Maryland limited liability company, and Sherwood Brands Of RI, Inc., a Rhode Island corporation.

b. "EVENT OF DEFAULT" means any event, condition, or omission, which, after the expiration of any applicable rights of notice or cure, constitutes a violation or default under the LOAN DOCUMENTS or pursuant to any other agreement executed from time to time by the PLEDGOR to or for the benefit of the LENDER which evidences or relates or pertains to any of the OBLIGATIONS.

c. "GUARANTY" means the Guaranty Agreement of even date herewith pursuant to which the PLEDGOR has guaranteed to the LENDER the payment and performance of certain obligations owed by the BORROWERS to the LENDER.

d. "LOAN DOCUMENTS" means all agreements, instruments and documents, including without limitation, loan agreements, notes, guaranties, pledges, security agreements, assignments, and all other written matter, whether heretofore, now, or hereafter executed by or on behalf of either of the BORROWERS or by the PLEDGOR to or for the benefit of the LENDER or by any obligor for obligations guaranteed by the PLEDGOR to the LENDER. Without limitation to the foregoing, the term "LOAN DOCUMENTS" includes: (a) the Loan And Security Agreement of even date herewith between the BORROWERS and the LENDER; (b) the Promissory Note in the originally stated principal amount of Five Million Dollars (\$5,000,000.00) from BORROWERS as the co-makers thereof to the order of the LENDER; (c) the GUARANTY Agreement; and (d) all other documents listed as "Loan Documents" on a Closing Agenda of even date herewith which sets forth the documents for the transactions described in the above-stated Loan And Security Agreement.

e. "OBLIGATIONS" means all duties of payment or performance now or hereafter due and owing to the LENDER by the PLEDGOR as a result of or in connection with any and all existing or future indebtedness, liability, or obligation of every kind and nature arising out of or related to any credit accommodation, loan, letter of credit, guaranty, depository relationship, event, or occurrence, whether direct or indirect, absolute or contingent, primary or secondary, joint or several, unconditional or conditional, and all renewals, refinancings, extensions, substitutions, amendments, and modifications thereof, no matter when or how created, arising, evidenced, or acquired, whether or not presently contemplated or anticipated, including but not limited to, all amounts of principal, interest, penalties, reimbursements, advancements, escrows, and fees. Without limitation to the foregoing, the term "OBLIGATIONS" includes all duties of payment or performance owed by the PLEDGOR to the LENDER arising out of or related to the LOAN DOCUMENTS and the transactions described therein.

f. "TRADEMARKS" means all right, title and interest of the PLEDGOR, whether now owned or existing or hereafter acquired or arising, in, to, under and by virtue of all trademarks, trade names, corporate names, partnership names, company names, business names, fictitious business names, trade styles, service marks, package or product designs, trade dress, logos, other source of business identifiers, and prints and labels on which any of the foregoing have appeared or appear, now existing or hereafter adopted or acquired, and all registrations and recordings thereof, and all applications for any of the foregoing, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office, together with: (a) all renewals thereof, (b) all intellectual property of the PLEDGOR and goodwill of the business to which any of the foregoing relates, (c) all present and future rights of the PLEDGOR under all present and future license agreements relating to any of the foregoing, whether the PLEDGOR is licensee or licensor thereunder, (d) all income, royalties, damages and payments now or hereafter due or payable under any of the foregoing or with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (e) all present and future claims, causes of action and rights to sue for past, present or future infringements thereof, (f) all general intangibles, proceeds and products related thereto, and (g) all rights corresponding thereto throughout the world. "TRADEMARKS," as defined above shall include, without limitation, all of the United States trademarks and trademark applications listed on Exhibit A attached hereto and incorporated herein by reference, or as added thereto in accordance with Section 2 of this AGREEMENT.

Section 2. Grant Of Security Interest. As security for the complete and timely payment, performance and satisfaction of all of the OBLIGATIONS, the PLEDGOR hereby mortgages, pledges, and hypothecates unto the LENDER and the LENDER'S successors and assigns, upon the following terms and conditions, and hereby grants to the LENDER and the LENDER'S successors and assigns, a security interest in and to all of the PLEDGOR'S right, title and interest in, under or by virtue of the TRADEMARKS, whether now owned or existing or hereafter acquired, and in the products and proceeds thereof. The security interests granted by the PLEDGOR to the LENDER hereunder shall automatically attached to and include all rights to any TRADEMARKS which are subsequently obtained by the PLEDGOR after the date of this AGREEMENT or to any

licenses thereof to the extent that any such subsequently obtained TRADEMARKS or licenses relate or pertain to the INVENTORY of the PLEDGOR or the labeling or sale thereof. The PLEDGOR hereby irrevocably and unconditionally authorizes the LENDER to modify and amend from time to time this AGREEMENT and Exhibit A hereto to include any such additional TRADEMARKS or licenses which relate or pertain to the INVENTORY of the PLEDGOR which has been pledged to the LENDER or the labeling or sale thereof, without any further assent or signature of the PLEDGOR. Future advances are intended to be secured.

Section 3. Representations And Warranties. The PLEDGOR represents and warrants that:

a. Exhibit A attached hereto sets forth all registered TRADEMARKS and pending applications owned by the PLEDGOR as of the date hereof. Each of the TRADEMARKS described on Exhibit A is subsisting, and unexpired. None of such TRADEMARKS on Exhibit A has been adjudged invalid, expired or unenforceable in whole or in part, or is the subject of any proceeding which seeks any of the foregoing, or has been abandoned, except as indicated.

b. No claim is pending or to our knowledge, threatened to the PLEDGOR that the use of any of the TRADEMARKS infringes upon or violates the rights of any third person, except as indicated.

c. The PLEDGOR is the owner of the entire unencumbered right, title and interest in and to each of the TRADEMARKS, free and clear of any liens, charges and encumbrances, including without limitation pledges, security interests, assignments, express licenses, franchise agreements, registered user agreements and covenants by the PLEDGOR not to sue third persons.

d. The PLEDGOR has the unqualified right to enter into this AGREEMENT and to perform its terms.

e. The PLEDGOR will use for the duration of this AGREEMENT, proper statutory notice and markings in connection with its use of the TRADEMARKS.

Section 4. Maintenance Of Trademarks; Prosecution Of Applications And Proceedings; Maintenance Of Quality Standards. Except in the exercise of the PLEDGOR'S reasonable discretion in the ordinary course of the PLEDGOR'S business, the PLEDGOR covenants that it will: (a) maintain the current registrations of the TRADEMARKS, and take all reasonable actions necessary to maintain, preserve and continue the validity and enforceability of the TRADEMARKS, including but not limited to the filing of applications for renewal, affidavits of use, and affidavits of incontestability, and the payment of any and all application, renewal, extension or other fees; (b) prosecute diligently any trademark applications of the TRADEMARKS pending as of the date of this AGREEMENT or thereafter until the OBLIGATIONS shall have been unconditionally paid and satisfied in full; (c) do any and all reasonable acts which are necessary or desirable

to preserve and maintain all current rights in the TRADEMARKS; (d) except as set forth in this Trademark Security Agreement not to enter into any agreement (for example, a license agreement) which is inconsistent with the PLEDGOR'S obligations under any of the LOAN DOCUMENTS; and (e) not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which would render rights transferred to the LENDER under this AGREEMENT invalid or unenforceable. Any expenses incurred by the PLEDGOR in connection with the TRADEMARKS shall be the sole expense of the PLEDGOR. The PLEDGOR covenants to use and require the use of consistent standards of quality in the manufacture of products sold and services rendered under the TRADEMARKS. The PLEDGOR further agrees to promptly provide upon request from LENDER, notice to the LENDER of all rights obtained subsequent to the date of this AGREEMENT in and to any registered TRADEMARKS not set forth on Exhibit A, which notice shall not be requested by LENDER more frequently than once per year.

Section 5. Rights Upon The Occurrence Of An Event Of Default. Upon the occurrence of an EVENT OF DEFAULT, in addition to all other rights and remedies available under the LOAN DOCUMENTS or under applicable law, including but not limited to the rights of a secured party under the Uniform Commercial Code in effect from time to time in Maryland, the LENDER shall have the right at any time (but shall have no obligation) to: (a) take exclusive possession and/or place a custodian in exclusive possession of any or all of the TRADEMARKS from time and to time; (b) take, in its name or in the name of the PLEDGOR or otherwise, such actions as the LENDER may, at any time or from time to time, deem necessary to maintain, protect, sell, liquidate, transfer, license, assign or otherwise dispose of or realize upon the TRADEMARKS, upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk; (c) use, operate, manage, and control the TRADEMARKS in any lawful manner; and (d) collect and receive all income, revenue, earnings, issues, and profits therefrom. Notice of any sale or other disposition shall be given to the PLEDGOR at least ten (10) days before the time of any intended public sale or of the time after which any intended private sale or other disposition of the COLLATERAL is to be made, which the PLEDGOR hereby agrees shall be commercially reasonable notice of such sale or other disposition. At any such sale or other disposition, the LENDER may, to the extent permissible under applicable law, purchase the whole or any part of the TRADEMARKS, free from any right of redemption on the part of the PLEDGOR, which right is hereby waived and released to the extent lawfully permitted. The PLEDGOR shall remain liable for any deficiency if the proceeds of any sale or other disposition of the TRADEMARKS are insufficient to pay in full the OBLIGATIONS and all costs and expenses, including reasonable attorneys' fees and disbursements, paid or incurred by the LENDER in collecting any such deficiency. The PLEDGOR hereby irrevocably and unconditionally authorizes and empowers the LENDER to make, constitute and appoint any officer or agent of the LENDER as the LENDER may select, in its exclusive discretion, as the PLEDGOR'S true and lawful attorney-in-fact, with the power to endorse or sign the PLEDGOR'S name on all applications, documents, papers and instruments necessary for the LENDER or the designee of the LENDER to: (i) own and use the TRADEMARKS; (ii) grant or issue any exclusive or nonexclusive licenses

under the TRADEMARKS to any other person; (ii) assign, license, pledge, convey or otherwise transfer title in or dispose of the TRADEMARKS to any other person on such terms and conditions as the LENDER shall in its sole discretion determine; (iv) demand, sue for compromise, settle and collect and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the TRADEMARKS; (v) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or enforce any right in respect of the TRADEMARKS; (vi) defend any suit, action or proceeding brought against the PLEDGOR with respect to any of the TRADEMARKS; (vii) settle, compromise or adjust any of the aforesaid suits, actions or proceedings and, in connection therewith, to give such discharges as the LENDER may deem appropriate; and (viii) do all acts and things which the LENDER deems necessary from time to time to protect, preserve or realize upon the TRADEMARKS and the LENDER'S liens thereon and to effect the intent of this AGREEMENT. The PLEDGOR hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this AGREEMENT, and is intended by the PLEDGOR to be a power of attorney coupled with an interest. All of the LENDER'S rights and remedies with respect to the TRADEMARKS, whether established by this AGREEMENT, by any LOAN DOCUMENT, or by law shall be cumulative and may be exercised singularly or concurrently.

Section 6. No Duty Imposed Upon Lender. The powers conferred upon the LENDER hereunder are solely to protect the interests of the LENDER in the TRADEMARKS and shall not impose any duty upon the LENDER to exercise any such powers.

Section 7. Patent And Trademark Office And Third Parties May Rely Upon Pledgor's Authorizations To Lender. If the LENDER shall elect to exercise any of its rights hereunder, the United States Patent and Trademark Office and all other persons and entities shall have the right to rely upon the LENDER'S written statement of the LENDER'S right to sell, assign, license and transfer the TRADEMARKS and the PLEDGOR hereby irrevocably and unconditionally authorizes the United States Patent and Trademark Office and all other persons and entities to recognize such sale by the LENDER either in the PLEDGOR'S name or in the LENDER'S name without the necessity or obligation of the United States Patent and Trademark Office or any other persons and entities to ascertain the existence of any default by the PLEDGOR under the LOAN DOCUMENTS, or any other fact or matter relating to the entitlement of the LENDER to exercise its rights hereunder.

Section 8. Costs And Expenses. All commercially reasonable fees, costs and expenses, including any attorney's fees and legal expenses, incurred by the LENDER in connection with the preparation of this AGREEMENT and all other documents relating hereto, the filing or recording of this AGREEMENT or any other documents (including all taxes in connection therewith) in public offices, or in the event of an Event of Default: the payment or discharge of any commercially reasonable taxes, counsel fees, maintenance fees, encumbrances or any other fees incurred in otherwise protecting, maintaining or

preserving the TRADEMARKS; in enforcing the terms of this AGREEMENT; or in defending or prosecuting any actions or proceedings arising out of or related to the TRADEMARKS. Such commercially reasonable costs and expenses shall be borne and paid by the PLEDGOR on demand by the LENDER and until so paid shall be added to the principal amount of the OBLIGATIONS and shall bear interest at the highest rate in effect from time to time under the LOAN DOCUMENTS.

Section 9. Notices. Notices that are required or permitted to be delivered hereunder shall be sufficient if in writing and sent to the addresses stated above in this AGREEMENT.

Section 10. Further Assurances. The PLEDGOR shall promptly do, make, execute and deliver all such further and additional acts, things, deeds, assurances, instruments and documents considered reasonably necessary, appropriate or proper by the LENDER to vest in, effectuate assure to the LENDER its rights under this AGREEMENT or in any of the TRADEMARKS. The PLEDGOR hereby constitutes the LENDER its attorney-in-fact to execute and file all such additional instruments and documents for the foregoing purposes, including such filings with the United States Patent And Trademark Office or in any other office or place of public filings as the LENDER deems to be necessary and appropriate, all lawful acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable until the OBLIGATIONS have been satisfied in full and there exists no contingent or noncontingent commitment which could give rise to any OBLIGATIONS.

Section 11. Amendment. The terms and conditions of this AGREEMENT may be modified, altered, waived, or amended only by a writing executed by the LENDER consenting to the modification, alteration, waiver, or amendment.

Section 12. Choice Of Law. This AGREEMENT shall be construed according to the laws of the State of Maryland. All parties hereto consent to the jurisdiction and venue of the courts of the State of Maryland in any action to enforce, construe or interpret this AGREEMENT.

Section 13. Severability. If any of the provisions of this AGREEMENT are judicially determined to be in conflict with any law of the State of Maryland or otherwise judicially determined to be unenforceable for any reason whatsoever, such provision shall be deemed null and void to the extent of such unenforceability but shall be deemed separable from and shall not invalidate any other provision of this AGREEMENT.

Section 14. Successors And Assigns. The terms, covenants and conditions contained in this AGREEMENT shall inure to the benefit of the LENDER and its successors and assigns, and shall be binding upon the PLEDGOR and its successors and assigns.

Section 15. Waiver Of Jury Trial. The PLEDGOR and the LENDER each agree that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted



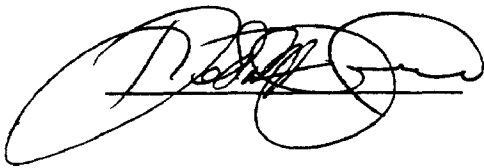
by either party hereto or any successor or assign of either party hereto, with respect to this AGREEMENT; the LOAN DOCUMENTS, or any other document or agreement which in any way relates, directly or indirectly, to this AGREEMENT, the LOAN DOCUMENTS, the OBLIGATIONS or any event, transaction or occurrence arising out of or in any way connected with this AGREEMENT, the LOAN DOCUMENTS, any of the OBLIGATIONS, or the dealings of the parties with respect thereto, shall be tried only by a court, and not by a jury. **THE PLEDGOR AND THE LENDER HEREBY EXPRESSLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION, OR PROCEEDING.**


IN WITNESS WHEREOF, the parties have executed this AGREEMENT as of the date first above written with the specific intention of creating an instrument under seal.

WITNESS/ATTEST:

PLEDGOR:

SHERWOOD BRANDS, INC.,  
A North Carolina Corporation

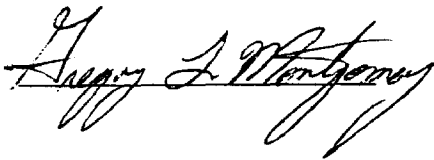


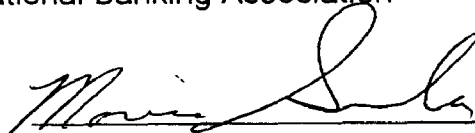
By:  (SEAL)  
Anat Schwartz, Secretary  
Date: June \_\_, 1999

WITNESS/ATTEST:

LENDER:

FIRST UNION NATIONAL BANK,  
A National Banking Association



By:  (SEAL)  
Monica Sevilla,  
Assistant Vice President  
Date: June 11, 1999

**ACKNOWLEDGMENTS**

STATE OF MARYLAND, COUNTY OF Montgomery:

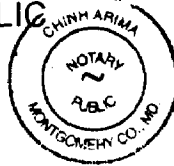
I HEREBY CERTIFY that on this 17 day of June, 1999, before me, the undersigned Notary Public, personally appeared Anat Schwartz, and acknowledged herself to be the Secretary of SHERWOOD BRANDS, INC., and that she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of SHERWOOD BRANDS, INC., by herself as such officer.

IN WITNESS MY Hand and Notarial Seal.

*Chinn Arima*

(SEAL)

NOTARY PUBLIC



Chinn Arima, Notary Public  
Montgomery County  
State of Maryland

My Commission Expires Sept. 1, 1999

My Commission Expires:

Sept 1, 1999

STATE OF MARYLAND, COUNTY OF \_\_\_\_\_:

I HEREBY CERTIFY that on this \_\_\_\_ day of June, 1999, before me, the undersigned Notary Public, personally appeared Monica Sevilla, and acknowledged herself to be the Assistant Vice President of FIRST UNION NATIONAL BANK, and that she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of FIRST UNION NATIONAL BANK by herself as such officer.

IN WITNESS MY Hand and Notarial Seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires:

\_\_\_\_\_

EXHIBIT "A"

To Trademark Security Agreement

Sherwood Brands, Inc.

Page 1 of 1

MARK PENDING APPLICATION

Mark

Application No.

FRUIT BURST

75/740880