

08-15-2000



101433098

8-15-00

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

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 License

Security Agreement Nunc Pro Tunc Assignment

Merger
Effective Date
Month Day Year _____

Change of Name

Other _____

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name KRB Seed Company, LLC

07182000

Formerly _____

Individual General Partnership Limited Partnership Corporation Association

Other Limited Liability Company

Citizenship/State of Incorporation/Organization North Carolina

Receiving Party

Mark if additional names of receiving parties attached

Name ABT Group, LLC

DBA/AKA/TA _____

Composed of _____

Address (line 1) c/o The Budd Group

Address (line 2) P. O. Box 25128

Address (line 3) Winston-Salem

NC

27114-5128

City

State/Country

Zip Code

Individual General Partnership Limited Partnership Corporation Association

Other Limited Liability Company

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.)

Citizenship/State of Incorporation/Organization North Carolina

08/15/2000 JSHABAZZ 00000073 0855740

FOR OFFICE USE ONLY

01 FC:481
02 FC:482

40.00 DP
525.00 DP

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

**TRADEMARK
REEL: 002119 FRAME: 0855**

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)

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.

Mary Margaret Ogburn
Name of Person Signing

Mary Margaret Ogburn
Signature

5/14/00
Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

Conveying Party

Mark if additional names of conveying parties attached

Enter Additional Conveying Party

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

Enter Additional Receiving Party

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 the Assignment.)

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"/> | <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"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |

| | | |
|---------|---------|---------|
| 1354546 | 1036937 | 1391788 |
| 1425883 | 2275586 | 0853893 |
| 0665221 | 1022815 | 2281943 |
| 2202038 | 1781645 | 1751464 |
| 1792260 | | |
| | | |
| | | |
| | | |

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is made this 18th day of July, 2000 by **KRB SEED COMPANY, LLC**, a North Carolina limited liability company ("Grantor"), in favor of **ABT GROUP, LLC**, a North Carolina limited liability company ("Lender"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Note (as defined below).

WITNESSETH:

WHEREAS, Lender has agreed to make a loan in the principal amount of \$3,750,000 to Grantor evidenced by that certain Secured Subordinated Convertible Promissory Note dated July 18, 2000 in the principal amount of \$3,750,000 executed by Grantor and payable to the order of Lender (as amended, supplemented or modified from time to time, the "Note"). The Note is secured by, among other things, certain deeds of trust, deeds to secure debt, mortgages, security agreements, collateral assignments and other agreements and documents more fully described and defined in the Note as the "Security Instruments"; and

WHEREAS, Lender is unwilling to make the loan evidenced by the Note to Grantor unless Grantor executes this Agreement to secure its obligations under the Note, the Security Instruments and any and all other agreements or documents executed in connection therewith (collectively referred to herein as the "Loan Documents"). As used herein: (i) "Obligations" means any and all liabilities, indebtedness and obligations of any and every kind and nature, heretofore, now, or hereafter owing, arising, due or payable from Grantor to Lender under the Note, the Security Instruments and the Loan Documents, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed, joint and several, joint or several, or otherwise, together with any and all extensions or renewals of such liabilities, indebtedness and obligations; (ii) "BBT Loan Agreement" shall mean that certain Loan Agreement by and between Branch Banking and Trust Company ("BBT") and the Grantor dated July 18, 2000; and (iii) the terms "Acquisition", "Permitted Encumbrance" and "Sale Approval Order" shall have the same meanings as set forth in the BBT Loan Agreement on the date hereof.

NOW, THEREFORE, in order to induce Lender to enter into the Loan Documents and to make the loan evidenced by the Note and in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. Grant of Security. Grantor hereby grants a security interest in and collaterally assigns to Lender all of the following (collectively, the "Collateral"):

(a) all of Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign patents and patent applications (including without limitation the patents and patent applications identified on Schedule I attached hereto and incorporated herein by reference) and including the right to recover for all past, present and future infringements thereof and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all

improvements thereon, and all other rights of any kind whatsoever of Grantor accruing thereunder or pertaining thereto (collectively, the "Patents");

(b) all of Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign trademarks, trade names, trade dress, service marks, trademark and service mark registrations, and applications for trademark or service mark registration and any renewals thereof (including without limitation each trademark, trade name, trade dress, registration and application identified in Schedule II attached hereto and incorporated herein by reference) and including all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto (including without limitation damages for past or future infringements thereof), the right to sue or otherwise recover for all past, present and future infringements thereof, all rights corresponding thereto throughout the world (but only such rights as now exist or may come to exist under applicable local law) and all other rights of any kind whatsoever of Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark and service mark (collectively, the "Trademarks");

(c) all of Grantor's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign copyrights and copyright applications (including without limitation the copyrights and copyright applications identified on Schedule III attached hereto and incorporated herein by reference) and including the right to recover for all past, present and future infringements thereof and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of Grantor accruing thereunder or pertaining thereto (collectively, the "Copyrights");

(d) all license agreements regarding Patents, Trademarks or Copyrights with any other party, whether Grantor is a licensor or licensee under any such license agreement (including without limitation the licenses listed on Schedule IV attached hereto and incorporated herein by reference), and the right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Security Agreement of even date between Grantor and Lender) now or hereafter owned by Grantor and now or hereafter covered by such licenses (collectively, the "Licenses");

(e) all Plant Variety Protection certificates and applications issued by the United States Department of Agriculture Plant Variety Protection Office ("PVP's") to the Grantor (including without limitation the PVP's listed on Schedule V attached hereto and incorporated herein by reference); and

(f) all proceeds of any of the foregoing.

In addition, Grantor has executed in blank and delivered to Lender an assignment of licenses and federally registered patents, trademarks and copyrights (the "IP Assignment") owned by it in the form of Exhibit A hereto. Grantor hereby authorizes Lender to complete as assignee and record with the United States Patent and Trademark Office (the "Patent and Trademark Office"), the United States Copyright Office (the "Copyright Office") and/or the

United States Department of Agriculture Plant Variety Protection Office each IP Assignment upon the occurrence of an Event of Default that is continuing at the time of filing.

2. Security for Obligations. The security interests granted under this Agreement (the "Security Interests") by Grantor secure the payment of all obligations of Grantor under, in respect of or in connection with this Agreement and the Note (including without limitation the Obligations) and each other Loan Document to which Grantor is or becomes a party (all such obligations being the "Secured Obligations").

The Security Interests granted by this Agreement are granted in conjunction with the security interests granted to Lender in other assets of Grantor pursuant to the other Loan Documents.

3. Collateral Assignment. In addition to, and not in limitation of, the grant of the Security Interests in the Patents, Trademarks, Copyrights, Licenses and PVP's in Section 1 above, Grantor hereby grants, assigns, transfers, conveys and sets over to Lender, Grantor's entire right, title and interest in and to the Patents, Trademarks, Copyrights, Licenses and PVP's; provided, that such grant, assignment, transfer and conveyance shall become effective only at the election of Lender after the occurrence of an Event of Default that is continuing at the time of such election. Grantor hereby agrees that after the effectiveness of such grant, assignment, transfer and conveyance of any of the Patents, Trademarks, Copyrights, Licenses and PVP's, the use by Lender of any of such Patents, Trademarks, Copyrights, Licenses and PVP's shall be without any liability for royalties or other related charges from Lender to Grantor.

4. Further Assurances.

(a) Grantor agrees that from time to time, at the expense of Grantor, Grantor will promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable in Lender's determination, or that Lender may reasonably request, in order to (i) continue, perfect and protect any Security Interest granted or purported to be granted hereby, (ii) perfect Lender's Security Interest in and assign to Lender as security for the repayment and satisfaction of the Secured Obligations, all Collateral located in any foreign jurisdiction, and (iii) enable Lender to exercise and enforce its rights and remedies hereunder with respect to any part of the Collateral. Without limiting the generality of the foregoing, Grantor will execute and file (with the appropriate governmental offices, authorities, agencies and regulatory bodies in the United States and any applicable foreign jurisdiction) such supplements to this Agreement and such financing or continuation statements, or amendments thereto, and such other instruments or notices, including executed IP Assignments, with the Patent and Trademark Office and the Copyright Office, as may be necessary or desirable, or as Lender, on behalf of Lender, may reasonably request, in order to perfect and preserve the Security Interests granted hereby. Additionally, Grantor agrees that it shall file the Sale Approval Order issued by the Bankruptcy Court in connection with the Acquisition with (i) the Patent and Trademark Office and (ii) the United States Department of Agriculture Plant Variety Protection Office.

(b) Grantor hereby authorizes Lender, on behalf of Lender, upon the occurrence and during the continuation of an Event of Default, to file, where permitted by

law, one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Grantor will furnish to Lender from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Lender may reasonably request, all in reasonable detail.

(d) Grantor agrees that, should it have or obtain an ownership interest in any United States or foreign patent or patent application material to its business that is not now identified on Schedule I, any trademark or trademark application material to its business that is not now identified on Schedule II or any copyright or copyright application material to its business that is not now identified on Schedule III, any license agreement in respect of any patent, trademark or copyright material to its business that is not now identified on Schedule IV, or any PVP material to its business that is not now identified on Schedule V, (i) the provisions of this Agreement shall automatically apply to such item, and such item shall automatically become part of the Collateral; (ii) Grantor shall, within three months after acquiring or becoming aware of such ownership interest, (A) give written notice thereof to Lender, (B) with respect to Trademarks and Patents, cause such Trademarks and Patents to be properly registered with the Patent and Trademark Office, (C) with respect to Copyrights, cause such Copyrights to be registered with the Copyright Office and (D) with respect to Patents, Trademarks, Copyrights, Licenses and PVP's, prepare, execute and file in the Patent and Trademark Office, the Copyright Office, the Department of Agriculture Plant Variety Protection Office, or in the equivalent agencies in any foreign jurisdiction, within the requisite time period, all documents that are known by Grantor to be necessary or that Lender reasonably requests in order to perfect the Security Interest of Lender therein. Grantor authorizes Lender to execute and file such a document in the name of Grantor if Grantor fails to do so.

(e) Grantor agrees that should any of its subsidiaries (other than a corporation which is a party hereto and whether now or hereafter existing) obtain any ownership interest in any United States or foreign intellectual property of a nature that would be Collateral hereunder if owned by Grantor, Grantor shall either cause such corporation (i) to become a party hereto, or (ii) to transfer and assign all such corporation's ownership interests therein to Grantor, whereupon the provisions of subsection (d) of this Section 4 shall be applicable thereto.

(f) Grantor agrees: (i) to take all necessary steps in any proceeding before the Patent and Trademark Office, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof or in any court, to maintain and pursue each patent application now or hereafter included in the Collateral and to maintain each patent, trademark or copyright now or hereafter included in the Collateral, including the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition and infringement proceedings; (ii) to take corresponding steps with respect to material unpatented

inventions on which Grantor is now or hereafter becomes entitled to seek protection; (iii) to bear any expenses incurred in connection with such activities; and (iv) not to abandon any right to file a material patent application, or abandon any material pending application with respect to any of the Collateral, without the prior written consent of Lender.

(g) Grantor shall not do any act or omit to do any act whereby any of the Collateral may become dedicated or abandoned, except where such dedication or abandonment (i) will not materially adversely affect the business, condition (financial or otherwise), operations, performance, or properties of Grantor individually or of Grantor and its subsidiaries taken as a whole, and (ii) is in the ordinary course of Grantor's business. Grantor agrees to notify Lender promptly and in writing if it learns that any of the Collateral may become abandoned or dedicated or of any adverse determination or any development (including without limitation the institution of any proceeding in the Patent and Trademark Office, the Copyright Office or in the equivalent agencies in any foreign jurisdiction, or any court) regarding any material part of the Collateral.

(h) Grantor agrees that in the event that any of the Collateral as to which it has granted the Security Interests is infringed or misappropriated by a third party, Grantor shall promptly notify Lender and shall take all reasonable steps to terminate the infringement or misappropriation, and take such other actions as Grantor shall deem appropriate under the circumstances to protect such Collateral. Any expense incurred in connection with such activities shall be borne by Grantor.

(i) Grantor agrees (i) to maintain the quality of any and all products in connection with which the Collateral is used, consistent with the quality standards established by Grantor for said products as of the date of determination, and (ii) to provide Lender, on behalf of Lender, at least quarterly, with a certificate of an officer of Grantor certifying Grantor's compliance with the foregoing subsections 4(a) through 4(i).

(j) Grantor agrees that it will promptly correct any defect or error that may be discovered in this Agreement, any document executed pursuant hereto or the execution, acknowledgment or recordation thereof.

(k) Grantor shall continue to mark its products according to statute with the numbers of all appropriate Patents.

5. General Representations and Warranties. Grantor represents and warrants as follows:

(a) It has the unqualified right to enter into this Agreement and to perform its terms.

(b) No authorization, consent, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other Person is required either (i) for the grant by Grantor of the Security Interests granted hereby (excluding such licenses which, by their terms, required the consent of the licensor to assign the license but as to which Grantor represents and warrants such consent has been made in writing,

copies of which have been delivered to Lender) or for the execution, delivery or performance of this Agreement by Grantor, or (ii) for the perfection of or the exercise by Lender of its rights and remedies hereunder, except for the filing of this Agreement, and any documents required to establish Grantor as the owner of record, with the Patent and Trademark Office, the Copyright Office and with the equivalent offices in any foreign jurisdiction with respect to each Trademark, and the filings required by the Uniform Commercial Code of the State in which Grantor maintains its chief executive office, and except to the extent that the exercise of rights and remedies may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors rights generally or by general principles of equity.

(c) Set forth on Schedule IV is a list, which is complete and accurate in all material respects as of the date hereof, of Licenses of Grantor necessary for the conduct of its business as currently conducted or utilized and material in Grantor's operations or materially used in the selling or marketing of Grantor's products, including the expiration date of such Licenses.

(d) To the best of Grantor's knowledge, which knowledge is based in part on the Sale Approval Order issued by the Bankruptcy Court in connection with the Acquisition, each License of Grantor identified on Schedule IV is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and is, to Grantor's knowledge, valid and enforceable. No action or proceeding is pending or threatened seeking to limit, cancel or question the validity of Collateral.

(e) It has notified Lender in writing of all uses of any Patent, Trademark, Copyright or PVP, prior to Grantor's use, of which Grantor is aware, which would in the reasonable judgment of Grantor lead to such item becoming invalid or unenforceable, including prior unauthorized uses by third parties and uses that were not supported by the goodwill of the business connected with such item.

(f) It has not granted any release, covenant not to sue, or non-assertion assurance to any third person, with respect to any part of the Collateral.

(g) The actions contemplated under or in connection with the Loan Documents will not impair the legal right of Grantor to use any of the Collateral.

(h) Except as disclosed to Lenders in writing prior to the date of this Agreement, Grantor has no knowledge of the existence of any right under any patent, trademark, license agreement, trade name, trade secret, know-how, confidential research, development and commercial information, or other proprietary information held by any other Person that would preclude Grantor from publishing, distributing, marketing, selling, or using any product currently made by it, being made for it or sold or used by it, imported by it or exported by it, as the case may be, or to use any processes currently used by it (except, in each case, to the extent that Grantor has granted an exclusive license to another Person), or materially interfere with the ability of Grantor to carry on its business as currently carried on, and Grantor has no knowledge of any claim to the contrary that is likely to be made.

(i) None of Grantor's subsidiaries (except to the extent that such subsidiaries are also Grantors hereunder) has an ownership interest in any patents, patent applications, copyrights, copyright applications, trademark, trade name, trade dress, service marks, trademark or service mark registrations or any applications for trademark or service mark registration or any other intellectual property of a nature that would be Collateral hereunder if owned by Grantor.

(j) No claim has been made against Grantor (and, as to Collateral with respect to which Grantor is a licensor, to the knowledge of Grantor, no claim has been made against the third party licensee), and Grantor has no knowledge of any claim that is likely to be made, that the use by Grantor of any Collateral does or may violate the rights of any Person.

6. Patent Representations and Warranties. Grantor represents and warrants as follows:

(a) It is the sole legal and beneficial owner of the Patents set forth opposite its name on Schedule I hereto, free and clear of any lien, security interest, option, charge, pledge, assignment (whether conditional or not), or any other encumbrance except for the security interests created or permitted by this Agreement, the Permitted Encumbrances or the Loan Documents and certain Licenses and registered user agreements described on Schedule IV and no financing statement or other instrument similar in effect covering all or any part of such Collateral is on file in any recording office, except such as may have been filed in favor of Lender, BBT and Richard P. Budd.

(b) Set forth on Schedule I is a list of all of the Patents owned by Grantor necessary for the conduct of its business as currently conducted or utilized in Grantor's operations or used in the selling or marketing of Grantor's products.

(c) Each Patent of Grantor identified on Schedule I hereto is subsisting and has not been adjudged unpatentable, invalid or unenforceable, in whole or in part, and to the knowledge of Grantor is patentable, valid and enforceable, and each of such Patent applications has been filed in conformity with applicable rules and procedures of the Patent and Trademark Office and of the equivalent agencies in each applicable foreign jurisdiction and will be diligently prosecuted in conformity therewith so as not to become improperly abandoned.

7. Trademark Representations and Warranties. Grantor represents and warrants as follows:

(a) It is the sole, legal and beneficial owner of the entire right, title and interest in and to the Trademarks purported to be granted by it hereunder, free and clear of any lien, security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), or covenant, or any other encumbrance, except for the Security Interests created or permitted by this Agreement, Permitted Encumbrances and certain Licenses and registered user agreements described on Schedule IV. No financing statement or other instrument similar in effect covering all or any part of the Trademarks purported to be granted by Grantor hereunder is on file in any recording office, including, without limitation, the Patent and Trademark Office and the

equivalent offices in any foreign jurisdiction, except such as may have been filed in favor of Lender, BBT, Richard P. Budd or as otherwise disclosed to Lender.

(b) Set forth on Schedule II is a list of all of the Trademarks owned by Grantor necessary for the conduct of its business as currently conducted or utilized and material in Grantor's operations or used in the selling or marketing of Grantor's products.

(c) To the best of Grantor's knowledge, which knowledge is based in part on the Sale Approval Order issued by the Bankruptcy Court in connection with the Acquisition, each Trademark of Grantor identified on Schedule II is validly subsisting and has not been abandoned or adjudged invalid, unregistrable or unenforceable, in whole or in part, and is, to Grantor's knowledge, valid, registrable and enforceable.

8. Copyright Representations and Warranties. Grantor represents and warrants as follows:

(a) It is the sole, legal and beneficial owner of the entire right, title and interest in and to the Copyrights purported to be granted by it hereunder, free and clear of any lien, security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), or covenant, or any other encumbrance, except for the Security Interests created or permitted by this Agreement, Permitted Encumbrances and certain Licenses and registered user agreements described on Schedule IV. No effective financing statement or other instrument similar in effect covering all or any part of the Copyrights purported to be granted by Grantor hereunder is on file in any recording office, including, without limitation, the Copyright Office and the equivalent offices in any foreign jurisdiction, except such as may have been filed in favor of Lender, BBT and Richard P. Budd.

(b) Set forth on Schedule III is a list of all of the Copyrights owned by Grantor necessary for the conduct of its business as currently conducted or utilized and material in Grantor's operations or materially used in the selling or marketing of Grantor's products.

(c) Each Copyright of Grantor identified on Schedule III is validly subsisting and has not been abandoned or adjudged invalid, unregistrable or unenforceable, in whole or in part, and is, to Grantor's knowledge, valid, registrable and enforceable.

9. PVP Representations and Warranties. Grantor represents and warrants as follows:

(a) It is the sole, legal and beneficial owner of the entire right, title and interest in and to the PVP's purported to be granted by it hereunder, free and clear of any lien, security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), or covenant, or any other encumbrance, except for the Security Interests created or permitted by this Agreement, Permitted Encumbrances and certain Licenses and registered user agreements described on Schedule IV. No financing statement or other instrument similar in effect covering all or any part of the PVP's purported to be granted by Grantor hereunder is on file in any recording office, including,

without limitation, the United States Department of Agriculture Plant Variety Protection Office and the equivalent offices in any foreign jurisdiction, except such as may have been filed in favor of Lender, BBT, Richard P. Budd or as otherwise disclosed to Lender.

(b) Set forth on Schedule V is a list of all of the PVP's owned by Grantor necessary for the conduct of its business as currently conducted or utilized and material in Grantor's operations or used in the selling or marketing of Grantor's products.

(c) To the best of Grantor's knowledge, which knowledge is based in part on the Sale Approval Order issued by the Bankruptcy Court in connection with the Acquisition, each PVP of Grantor identified on Schedule V is validly subsisting and has not been abandoned or adjudged invalid, unregistrable or unenforceable, in whole or in part, and is, to Grantor's knowledge, valid, registrable and enforceable.

10. Transfers and Other Liens. Grantor shall not:

(a) sell, assign (by operation of law or otherwise) or otherwise dispose of any of, or grant any option with respect to, the Collateral, except as permitted by the Note, except that Grantor may license the Collateral (i) in the ordinary course of Grantor's business, provided that such license is necessary or desirable in the conduct of Grantor's business, or (ii) in connection with a sale of assets in compliance with the Note, provided that such license shall be on terms reasonably expected to maximize the gain to Grantor resulting from the granting of such license. Lender shall execute any documents that Grantor may reasonably request in order to permit Grantor to exercise its right hereunder to license the Collateral, provided that Lender shall not be required to do anything that may, in the sole judgment of Lender, adversely affect the validity of the Security Interests or the assignment of the Collateral located in any foreign jurisdiction;

(b) create, permit, or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral except for the Security Interests created by this Agreement and the Permitted Encumbrances; or

(c) take any other action in connection with any of the Collateral that would impair the value of the interest or rights of Grantor in the Collateral or that would impair the interest or rights of Lender.

11. Lender Appointed Attorney-in-Fact. Without limiting any other provision of this Agreement, upon the occurrence and during the continuance of an Event of Default, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise, from time to time in Lender's discretion, to take any action and to execute any instrument that Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings that Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Lender with respect to any of the Collateral; and

(d) to execute, in connection with the sale provided for in Section 14 hereof, any endorsement, assignments, or other instruments of conveyance or transfer with respect to the Collateral.

12. Lender May Perform.

(a) If Grantor fails to perform any agreement contained herein, Lender may itself perform, or cause performance of, such agreement, and the expenses of Lender incurred in connection therewith shall be payable by Grantor under Section 15(b) hereof to the fullest extent permitted by applicable law.

(b) Lender or its designated representatives shall have the right, to the extent reasonably requested and upon reasonable prior notice, at any reasonable time during normal business hours of such Grantor and from time to time, to inspect Grantor's premises and to examine Grantor's books, records and operations relating to the Collateral.

13. Lender's Duties. The powers conferred on Lender hereunder are solely to protect the interest of Lender in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Lender shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against other parties or any other rights pertaining to any Collateral. Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equal to that which such party accords its own similar property.

14. Remedies Upon Acceleration Event. If an Event of Default shall have occurred and be continuing:

(a) Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code as in effect in the State of North Carolina (the "UCC") and also may (i) exercise any and all rights and remedies of Grantor under, in connection with, or otherwise in respect of, such Collateral, including the completion and filing of the IP Assignment, (ii) require Grantor to, and Grantor hereby agrees that it will at its expense and upon request of Lender forthwith, assemble all or part of the documents embodying such Collateral as directed by Lender and make it available to Lender at a place to be designated by Lender that is reasonably convenient to both Lender and Grantor, (iii) occupy any premises owned or leased by Grantor where documents embodying such Collateral or any part thereof are assembled

for a reasonable period in order to effectuate Lender's rights and remedies hereunder or under applicable law, without obligation to Grantor in respect of such occupation, (iv) license such Collateral or any part thereof, and (v) without notice except as specified below, sell such Collateral or any part thereof in one or more parcels at public or private sale, at any of Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Lender may deem commercially reasonable. Grantor agrees that at least ten days' notice to Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Lender shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All payments received by Grantor under or in connection with any of such Collateral shall be received in trust for the benefit of the Lender, shall be segregated from other funds of Grantor and shall be immediately paid over to Lender in the same form as so received (with any necessary endorsement).

(c) All payments made under or in connection with or otherwise in respect of the Collateral, and all cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon all or any part of such Collateral may, in the discretion of Lender, be held by Lender as collateral for, and then or at any time thereafter applied (after payment of any amounts payable to Lender pursuant to Section 15 hereof) against all or any part of the Secured Obligations. Any sale or other disposition of the Collateral and the possession thereof by Lender shall be in compliance with all provisions of applicable law (including applicable provisions of the UCC).

15. Indemnity and Expenses.

(a) Grantor agrees to indemnify Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement that are incurred thereby (including without limitation enforcement of this Agreement), except claims, losses or liabilities directly resulting from Lender's gross negligence or willful misconduct. The agreements in this subsection (a) shall survive repayment of all Secured Obligations, termination or expiration of this Agreement in any manner, including but not limited to termination in accordance with Section 29 hereof.

(b) Grantor will upon demand pay to Lender the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, that Lender may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of Lender, or (iv) the failure by Grantor to perform or observe any of the provisions hereof.

16. Absolute Rights and Obligations. All rights of the Lender in the Security Interests granted hereunder, and each of the Secured Obligations, shall be absolute and unconditional irrespective of:

(a) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to departure from, the Note or any other Loan Document, including, but not limited to, (i) an increase or decrease in the Secured Obligations and (ii) an amendment of any Loan Document to permit Lender to extend further or additional credit to Grantor in any form including credit by way of loan, purchase of assets, guarantee or otherwise, which credit shall thereupon be and become subject to the Note and the other Loan Documents as a Secured Obligation;

(b) any taking and holding of collateral or guarantees (including without limitation any collateral pledged as security for the Secured Obligations under the other Loan Documents) for all or any of the Secured Obligations; or any amendment, alteration, exchange, substitution, transfer, enforcement, waiver, subordination, termination or release of any such collateral or guarantees, or any non-perfection of any such collateral, or any consent to departure from any such guaranty;

(c) any manner of application of collateral, or proceeds thereof, securing payment or enforcement of all or any of the Secured Obligations, or the manner of sale of any such collateral;

(d) any consent by Lender to the change, restructure or termination of the corporate structure or existence of Grantor and any corresponding restructure of the Secured Obligations, or any other restructure or refinancing of the Secured Obligations or any portion thereof;

(e) any modification, compromise, settlement or release by Lender, by operation of law or otherwise, collection or other liquidation of the Secured Obligations or the liability of Grantor or any guarantor, or of any collateral for the Secured Obligations (including without limitation any collateral pledged as security for the Secured Obligations under the other Loan Documents), in whole or in part, and any refusal of payment by Lender or any Lender in whole or in part, from any obligor or other guarantor in connection with any of the Secured Obligations, whether or not with notice to, or further assent by, or any reservation of rights against, Grantor; or

(f) any other circumstance (including without limitation any statute of limitations) that might otherwise constitute a defense available to, or a discharge of, Grantor or any guarantor.

The granting of a Security Interest in the Collateral shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by Lender, upon the insolvency, bankruptcy or reorganization of Grantor or otherwise, all as though such payment had not been made.

17. **Waiver.** Grantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Secured Obligations and this Agreement and any requirement that the Lender protect, secure, perfect or insure any Security Interest or any Collateral subject thereto or exhaust any right or take any action against Grantor or any other Person (including without limitation any Guarantor) or any collateral securing payment of the

Secured Obligations (including without limitation any collateral pledged as security for the Secured Obligations under the other Loan Documents).

18. Subrogation. Grantor further agrees with respect to this Agreement that it shall have no right of subrogation, reimbursement or indemnity, nor any right of recourse to security for the Secured Obligations. This waiver is expressly intended to prevent the existence of any claim in respect to such reimbursement by Grantor against the estate of Grantor within the meaning of Section 101 of the Bankruptcy Code, and to prevent Grantor from constituting a creditor of Grantor in respect of such reimbursement within the meaning of Section 547(b) of the Bankruptcy Code in the event of a subsequent case involving Grantor. If an amount shall be paid to Grantor on account of such subrogation rights at any time prior to termination of this Agreement in accordance with the provisions of Section 29 hereof, such amount shall be held in trust for the benefit of Lender and shall forthwith be paid to Lender to be credited and applied upon the Secured Obligations, whether matured or unmatured, in accordance with the terms of the Loan Agreement.

19. Amendments, Etc.

(a) Except as provided in subsection (b) of this Section 19, no amendment or waiver of any provision of this Agreement nor consent to any departure by Grantor therefrom shall in any event be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) Upon the execution and delivery by any Person of a supplement to this Agreement, which such supplement shall be in the form of Exhibit B hereto, pursuant to which such Person agrees to become a party hereto (each an "Intellectual Property Security Agreement Supplement"), (i) such Person or entity shall be referred to as an "Additional Grantor" and shall be and become a Grantor and each reference in this Agreement to "Grantor" shall also mean and be a reference to such Additional Grantor, and (ii) the schedules attached to each Intellectual Property Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I, II, III, IV and V hereto, and Lender may attach such supplements to such Schedules, and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant hereto.

(c) Any person that executes an Intellectual Property Security Agreement Supplement shall also execute and deliver such financing statements and all further instruments and documents and take all further action that may be necessary or desirable or that Lender may reasonably request in order to perfect and protect any Security Interest purported to be granted thereby.

20. Continuing Security Interest; Assignments Under the Note

(a) This Agreement shall create a continuing Security Interest in the Collateral and shall remain in full force and effect until terminated in accordance with the provisions of Section 29 hereof.

(b) Except as permitted by the Note, no Grantor shall sell, lease, transfer or otherwise dispose of any item of Collateral during the term of this Agreement without the prior written consent of Lender to such sale, lease, transfer or other disposition.

(c) Upon the termination of this agreement in accordance with Section 29 hereof, the Collateral shall be automatically released from the liens created hereby, all rights to the Collateral shall automatically revert to Grantors, and this Agreement and all obligations of Grantors hereunder shall terminate without delivery of any instrument or performance of any act by any party. Upon such termination of this Agreement, Lender shall reassign and redeliver such Collateral then held by it and execute and deliver to Grantor such documents as it shall reasonably request to evidence such termination.

21. Additional Collateral. If Grantor shall acquire or hold any additional Patents, Trademarks, Copyrights or Licenses not listed on Schedules I, II, III or IV hereto which are required to be subject to an Intellectual Property Security Agreement pursuant to the terms of the Note (any such Patents, Trademarks, Copyrights or Licenses being referred to herein as the "Additional Collateral"), Grantor shall deliver to Lender (i) a revised Schedule I, II, III or IV hereto, as applicable, reflecting the ownership and pledge of such Additional Collateral and (ii) an Intellectual Property Security Agreement Supplement in the form of Exhibit B hereto with respect to such Additional Collateral duly completed and signed by Grantor. Grantor shall comply with the requirements of this Section 21 concurrently with the acquisition of any such Additional Collateral.

22. Entire Agreement. This Agreement, together with the Note and the other Loan Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any portion or provision hereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than by an agreement, in writing signed by the parties hereto.

23. Further Assurances. Grantor agrees at its own expense to do such further acts and things, and to execute and deliver such additional conveyances, assignments, financing statements, agreements and instruments, as Lender may at any time reasonably request in connection with the administration or enforcement of this Agreement or related to the Collateral or any part thereof or in order better to assure and confirm unto Lender its rights, powers and remedies. Grantor hereby consents and agrees that the issuers of or obligors in respect of the Collateral shall be entitled to accept the provisions hereof as conclusive evidence of the right of Lender to exercise its rights hereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by Grantor or any other Person to any of such issuers or obligors.

24. Binding Agreement; Assignment. This Agreement, and the terms, covenants, conditions, rights and remedies hereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective heirs, legal representatives, successors and assigns; provided, however, that Grantor shall not be permitted to assign any of its rights, powers, duties

or obligations under this Agreement or any interest herein or in the Collateral, or any part thereof, or otherwise pledge, encumber or grant any option with respect to the Collateral, or any part thereof, or any cash or property held by Lender as Collateral under this Agreement, without the prior written consent of Lender.

25. Severability. If any term or provision of this Agreement is or shall become illegal, invalid or unenforceable in any jurisdiction, all other terms and provisions of this Agreement shall remain legal, valid and enforceable in such jurisdiction and such illegal, invalid or unenforceable provision shall be legal, valid and enforceable in any other jurisdiction.

26. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

27. Termination. This Agreement and all obligations of Grantor hereunder shall terminate upon payment in full of all Obligations under the Note and the other Loan Documents.

28. Remedies Cumulative. All remedies hereunder are cumulative and are not exclusive of any other rights and remedies of Lender provided by law or under the Note, the other Loan Documents, or other applicable agreements or instruments. The making of the loan to Grantor pursuant to the Note shall be conclusively presumed to have been made or extended, respectively, in reliance upon Grantor's grant of a Security Interest in the Collateral pursuant to the terms hereof. Lender hereby acknowledges that the rights and remedies of Lender under this Agreement (including, without limitation, the liens and security interests provided herein) are subject to the subordination provisions in favor of Branch Banking and Trust Company as set forth in the Note.

29. Notices. Any notice required or permitted hereunder shall be given at the address of Grantor or the Lender indicated in the Note. All such notices shall be given and shall be effective as provided in the Note.

30. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

[Signature pages follow]

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

GRANTOR:

KRB SEED COMPANY, LLC (SEAL)

By *Kenneth R. Budd* (SEAL)

Name: *Kenneth R. Budd*

Title: *Member Manager*

LENDER:

ABT GROUP, LLC

By: Richard P. Budd
Name: Richard P. Budd
Title: Member/Manager

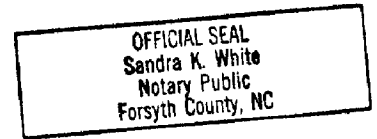
STATE OF NORTH CAROLINA

)
) ss.
)

COUNTY OF Forsyth

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 18th day of July, 2000, personally appeared Kenneth R Budd to me known personally, and who, being by me duly sworn, deposes and says that he is the Member/Manager of KRB Seed Company, LLC, and that the foregoing instrument was signed and sealed on behalf of said company by authority of its Member/Manager, and said Kenneth R Budd acknowledged said instrument to be the free act and deed of said company.

Sandra K White
Notary Public
My commission expires: 10-26-2004



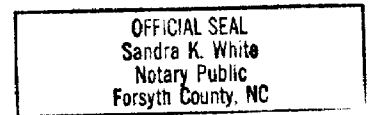
STATE OF NORTH CAROLINA

)
) ss.
)

COUNTY OF Forsyth

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 18th day of July, 2000, personally appeared Richard P. Budd to me known personally, and who, being by me duly sworn, deposes and says that s/he is the Member/Manager of ABT Group, LLC, and that foregoing instrument was signed and sealed on behalf of said company by authority of its Member/Manager and said Richard P Budd acknowledged said instrument to be the free act and deed of said company.

Sandra K White
Notary Public
My commission expires: 10-26-2004



SCHEDULE I

Patents and Patent Applications

None.

SCHEDULE II**Trademarks and Trademark Applications**

| MARK | STATUS | SERIAL NO. | REG. NO./ REG. DATE | COUNTRY/ STATE OF REGISTRATION |
|------------------------------|---|-------------------|------------------------------------|---|
| FRONT LAWN | Renewed 10/11/88 | 72/258,776 | 855,740 9/3/68 | USA |
| L LOFTS | Sec. 8 & 15 Accepted & Acknowledged | 73/459,078 | 1,343,084 6/18/85 | USA |
| L LOFTS SEED | Registered | 75/415,245 | 2,228,191 3/2/99 | USA |
| LOFTS | Registered | 75/415,235 | 2,222,758 2/9/99 | USA |
| LOFTS JERSEY TURF | Sec. 8 & 15 Accepted & Acknowledged | 73,455,710 | 1,360,912 9/17/85 | USA |
| LOFTS MIDWEST TURF | Sec. 8 & 15 Accepted & Acknowledged | 73/455,711 | 1,353,163 8/6/85 | USA |
| LOFTS MUSTANG PASTURE MIX | Sec. 8 & 15 Accepted & Acknowledged | 73/455,801 | 1,385,369 3/4/86 | USA |
| LOFTS NEW ENGLAND TURF | Sec. 8 & 15 Accepted & Acknowledged | 73/455,707 | 1,367,976 10/29/85 | USA |
| LOFTS NEW YORK TURF | Sec. 8 & 15 Accepted & Acknowledged | 73/455,709 | 1,360,911 9/17/85 | USA |
| LOFTS PENN TURF | Sec. 8 & 15 Accepted & Acknowledged | 73/455,708 | 1,354,546 8/13/85 | USA |
| MARVELGREEN | Renewed 5/2/96 | 73/044,627 | 1,036,937 3/30/76 | USA |
| TRI-PLEX | Sec. 8 & 15 Accepted & Acknowledged | 73/540,089 | 1,391,788 4/29/86 | USA |

| MARK | STATUS | SERIAL NO. | REG. NO./ REG. DATE | COUNTRY/ STATE OF REGISTRATION |
|-----------------------------|---|------------|---------------------------|--------------------------------------|
| ULTIMA | Sec. 8 & 15 Accepted & Acknowledged | 73/605,724 | 1,425,883 1/20/87 | USA |
| WHERE GREAT GRASS BEGINS | Registered | 75/415,246 | 2,275,586 9/7/99 | USA |
| BACK YARD | Renewed 10/04/88 | 72/258,775 | 853,893 8/6/68 | USA |
| CAMBRIDGE PARK | Renewed 8/5/78 & 7/6/98 | 72/038,480 | 665,221 8/5/58 | USA |
| CRYSTAL PARK | Renewed 8/30/95 | 73/044,651 | 1,022,815 10/14/75 | USA |
| HOMEOWNER'S CHOICE | Registered | 75/225,265 | 2,281,943 9/28/99 | USA |
| HOMEOWNER'S CHOICE | Registered | 75/225,262 | 2,202,038 11/3/98 | USA |
| HOMERUN | Sec. 8 & 15 Accepted & Acknowledged | 74/330,224 | 1,781,645 7/13/93 | USA |
| MARYLAND - VIRGINIA | Sec. 8 & 15 Accepted & Acknowledged | 74/262,541 | 1,751,464 2/9/93 | USA |
| MARYLAND - VIRGINIA | Sec. 8 & 15 Accepted & Acknowledged | 74/303,962 | 1,792,260 9/14/93 | USA |
| SOUTH JERSEY | Renewed 4/8/98 | 9645 | 9645 12/19/90 | New Jersey |

SCHEDULE III

Copyrights

None.