

02-01-2001

Form PTO-1594
(Rev. 6-93)



U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissione

101601802

attached original documents or copy thereof.

1. Name of conveying party(ies):

Penford Corporation

- Individual(s)
- General Partnership
- Corporation-State: Washington
- Other _____

- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):

Name: **The Bank of Nova Scotia**

Internal Address: _____
Street Address: **888 SW Fifth Avenue, Suite 750**
City: **Portland, OR** State: **WA** ZIP: **97204-2021**

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other **Canada**

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

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

Execution Date: **November 10, 2000**

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

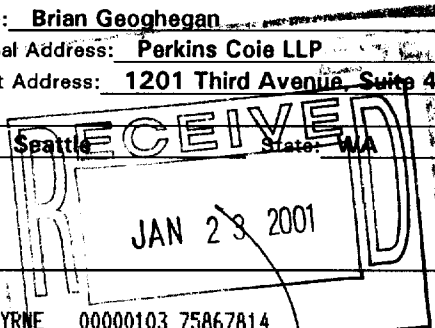
A. Trademark Application No.(s)
75/867,814 and 76/022,207

B. Trademark Registration No.(s)

Additional numbers attached? Yes No

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

Name: **Brian Geoghegan**
Internal Address: **Perkins Coie LLP**
Street Address: **1201 Third Avenue, Suite 4800**
City: **Seattle** State: **WA** ZIP: **98101**



6. Total number of applications and registrations involved: **2**

7. Total fee (37 CFR 3.41): \$ **65.00**

- Enclosed
- Authorized to be charged to deposit account
- Charge any additional fees/credit any overpayment to Deposit Account No. 50-0665

8. Deposit account number:

50-0665

(Attach duplicate copy of this page if paying by deposit account)

01/31/2001 DBYRME 00000103 75867814

DO NOT USE THIS SPACE

01 FC:481 40.00 OP
02 FC:482 25.00 OP

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.*

Brian Geoghegan

Name of Person Signing

Signature

1/23/01

Date

Total number of pages comprising cover sheet, attachments and document: **12**

DO NOT DETACH THIS PORTION

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignments
Washington, DC 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT dated as of September 26, 2000 executed by PENFORD CORPORATION, a Washington corporation ("Borrower"), for the benefit of THE BANK OF NOVA SCOTIA, as agent for itself and certain other lenders ("Administrative Lender"), is as follows:

1. Preliminary Statements.

(A) Borrower has executed and delivered this Agreement to Administrative Lender in order to induce Administrative Lender and the Lenders (i) to enter into the Credit Agreement executed and delivered by Borrower (together with another borrower) contemporaneously herewith (said Credit Agreement, as it may hereafter be amended or otherwise modified is hereinafter referred to as the "Credit Agreement"), and (ii) to make advances pursuant to the Credit Agreement.

(B) All capitalized terms used herein and not otherwise defined herein shall have the meaning attributed to them in the Credit Agreement.

2. Grant of Security.

As security for the full and prompt performance of all of the Obligations, Borrower hereby grants to Administrative Lender, for the benefit of and on behalf of the Lenders, a lien on and security interest in Borrower's entire right, title and interest in and to the Trademark Collateral. As used herein, "Trademark Collateral" means: (i) all of the Borrower's right, title and interest in and to all of its now owned or existing and hereafter acquired or arising Trademark License Rights (as defined below), trademarks, service marks, trademark or service mark registrations, trade names, and trademark or service mark applications, including, without limitation, each mark, registration, and application listed on Schedule I, attached hereto and made a part hereof, (ii) all renewals thereof, (iii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payment for past or future infringements thereof, (iv) all rights to sue for past, present and future infringements thereof, (v) all rights corresponding thereto throughout the world, and (vi) together in each case with the goodwill of Borrower's business connected with the use of, and symbolized by, such marks and rights. "Trademark License Rights" means Borrower's entire right, title and interest in, to and under all license agreements with any Person, whether Borrower is licensor or licensee, with respect to any trademarks, service marks, or tradenames, including, without limitation, the licenses listed on Schedule I.

3. Representations and Warranties.

Subject to any exceptions listed on Schedule I, Borrower represents and warrants as follows:

(A) Borrower is the sole, legal and beneficial owner of the entire and encumbered right, title and interest in and to each of the Trademark Collateral free and clear of any lien, security interest, option, charge, pledge, license, assignment (whether conditional or not) or covenant, or any other encumbrance.

(B) Schedule I sets forth a complete and accurate list of all Trademark License Rights, trademarks, trade names, service marks, trademark and service mark registrations, and applications for trademark or service mark registrations owned by Borrower.

(C) Each trademark, service mark, trade name, trademark and service mark registration, and application for trademark or service mark registration identified in Schedule I is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and each registered trademark and service mark and each application for trademark and service mark registration is valid, registered or registrable and enforceable. Borrower is not aware of any prior use of any item of Trademark Collateral which could lead to such item becoming invalid or unenforceable, including prior uses by third parties and uses which were not supported by the goodwill of the business connected with such item.

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

(E) Borrower has used reasonable and proper statutory notice in connection with its use of each registered trademark and service mark.

(F) The current conduct of Borrower's business does not conflict with or infringe any proprietary right of any third party in any way which materially adversely affects the business, financial condition or business prospects of the Borrower or its affiliates, and no one has asserted to Borrower or any of its affiliates that such conduct conflicts with or infringes any valid proprietary right of any third party in any way which materially adversely affects the business, financial condition or business prospects of the Borrower.

(G) The Trademark License Rights are in full force and effect; Borrower is not in default under any of the Trademark License Rights; and no event has occurred which with notice or the passage of time, or both, might constitute a default by Borrower under any of the Trademark License Rights.

(H) No authorization, consent, approval, or other action by, and no notice to or filing or recording with, any governmental, administrative or judicial authority or regulatory body is currently or is reasonably expected to be required for the grant by Borrower of the liens and security interests granted hereby or for the execution, delivery or performance of this

Agreement by Borrower, other than routine action which may be required after the date hereof to maintain rights in the trademarks, or for the perfection of or the exercise by Administrative Lender of its rights and remedies hereunder.

4. Further Assurances.

(A) Borrower agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Administrative Lender may reasonably request, in order (i) to continue, perfect and protect the assignment and the security interest granted or purported to be granted hereby or (ii) to enable Administrative Lender to exercise and enforce its rights and remedies hereunder with respect to all or any part of the Trademark Collateral. Without limiting the generality of the foregoing, the Borrower will execute and file such financing or continuation statements, amendments hereto, and such other instruments or notices as may be necessary or desirable, or as Administrative Lender may reasonably request, in order to perfect and preserve the security interest granted or purported to be granted hereby.

(B) Borrower hereby authorizes Administrative Lender to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Trademark Collateral without the signature of Borrower where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Trademark Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

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

(D) Borrower agrees that, should it obtain an ownership interest in any Trademark License Rights, trademark, service mark, trade name, trademark or service mark registration, or application for trademark or service mark registration which is not now identified in Schedule I, (i) Borrower shall give prompt written notice thereof to Administrative Lender, (ii) the provisions of Paragraph 2 shall automatically apply to any such Trademark License Rights, trademark, service mark, trademark or service mark registration, or application for trademark or service mark registration, and (iii) any such Trademark License Rights, mark, registration, or application, together with the goodwill of the business connected with the use of the mark and symbolized by it, shall automatically become part of the Trademark Collateral. Borrower authorizes Administrative Lender to modify this Agreement by amending Schedule I to include any Trademark License Rights, trademark, service mark, trademark or service mark registration, or application for trademark or service mark registration which becomes part of the Trademark Collateral under this Paragraph and the goodwill of the business to which each such mark pertains.

(E) With respect to any trademark necessary to the conduct of Borrower's business, Borrower agrees to take all necessary steps in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof or in any court to maintain each registered trademark, service mark, and trademark or service mark registration, and to pursue each application for trademark or service mark registration now or hereafter included in the Trademark Collateral, including the filing of applications for renewal, the payment of maintenance fees, and participation in opposition, interference and infringement proceedings. To the extent necessary or desirable to the conduct of its business, Borrower agrees to take corresponding steps with respect to each new or other trademark, service mark, trademark or service mark registration, and application for trademark or service mark registration to which the Borrower is now or later becomes entitled. Any expenses incurred in connection with such activities shall be borne by Borrower. Without the prior written consent of Administrative Lender, Borrower shall not abandon any right to file an application for trademark or service mark registration, or abandon any pending application, registration, trademark or service mark.

(F) Borrower agrees to notify Administrative Lender immediately if Borrower learns (i) that any item of the Trademark Collateral may become abandoned; (ii) of any adverse determination or any development (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Trademark Collateral; or (iii) that it is or potentially could be in default of any of the Trademark License Rights.

(G) If Borrower becomes aware that any item of the Trademark Collateral is being infringed or misappropriated by a third party, Borrower shall promptly notify Administrative Lender and shall take such actions as are necessary under the circumstances to protect such Trademark Collateral. Any expense incurred in connection with such activities shall be borne by Borrower.

(H) Borrower shall continue to use reasonable and proper statutory notice in connection with its use of each registered trademark or service mark.

5. Transfers and Other Liens.

Borrower shall not:

(A) sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Trademark Collateral, except as permitted by the Credit Agreement;

(B) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Trademark Collateral except as otherwise disclosed in Schedule I, or as otherwise permitted by the Credit Agreement; or

(C) take any other action in connection with any of the Trademark Collateral that would impair the value of the interests or rights thereunder of Borrower.

6. Administrative Lender Appointed Attorney-in-Fact.

Borrower hereby irrevocably appoints Administrative Lender as Borrower's attorney-in-fact, with full authority in Borrower's place, stead and on behalf of Borrower and in Borrower's name or otherwise, from time to time in Administrative Lender's discretion during the continuation of an Event of Default, to take any action and to execute any instrument that Administrative Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation: (i) 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 Trademark Collateral; (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) above; and (iii) to file any claims or take any action or institute any proceedings that Administrative Lender may deem necessary or desirable for the collection of any of the Trademark Collateral or otherwise to enforce the rights of Administrative Lender with respect to any of the Trademark Collateral.

7. Administrative Lender May Perform.

(A) If Borrower fails to perform any of its obligations contained herein, Administrative Lender may itself perform, or cause performance of, such obligation, and the expenses of Administrative Lender incurred in connection therewith shall be payable by Borrower under Paragraph 10(B).

(B) Administrative Lender shall have the right, but in no way shall be obligated, to bring suit in its own name or in the name of Borrower to enforce any part of the Trademark Collateral at any time when no Event of Default is continuing if Borrower has failed to do so after reasonable notice from Administrative Lender or at any time during the continuation of an Event of Default. Borrower shall at the reasonable request of Administrative Lender do any and all lawful acts and execute any and all proper documents reasonably required by Administrative Lender in aid of such enforcement. Upon demand, Borrower shall promptly reimburse and indemnify Administrative Lender for all costs and expenses incurred by Administrative Lender in the exercise of its rights under this Paragraph.

8. Administrative Lender's Duties.

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

9. Remedies.

If any Event of Default shall have occurred and be continuing:

(A) Administrative Lender may exercise in respect of the Trademark Collateral, in addition to other rights and remedies provided for herein or otherwise available to Administrative Lender, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Trademark Collateral) and also may (i) exercise any and all rights and remedies of Borrower under or otherwise in respect of the Trademark Collateral; (ii) require Borrower to, and Borrower hereby agrees that it will at its expense and upon request of Administrative Lender forthwith, assemble all or any part of the documents embodying the Trademark Collateral as directed by Administrative Lender and make them available to Administrative Lender at a place to be designated by Administrative Lender which is reasonably convenient to both Administrative Lender and Borrower, (iii) occupy any premises owned or leased by Borrower where documents embodying the Trademark Collateral or any part thereof are assembled for a reasonable period in order to effectuate Administrative Lender's rights and remedies hereunder or under law, without any obligation to Borrower in respect of such occupation, (iv) license the Trademark Collateral or any part thereof, or assign its rights to the Trademark License Rights to any Person, and (v) without notice except as specified below, sell the Trademark Collateral or any part thereof in one or more parcels at public or private sale, at any of Administrative Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Administrative Lender may deem commercially reasonable. In the event of any sale, assignment, or other disposition of any of the Trademark Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included, and Borrower shall supply to Administrative Lender or its designee Borrower's know-how and expertise relating to the manufacture and sale of products or the provision of services relating to any Trademark Collateral subject to such disposition, and Borrower's customer lists and other records relating to such Trademark Collateral and to the distribution of such products and services. Borrower agrees that, to the extent notice of sale shall be required by law, at least five Business Days notice to Borrower 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. Administrative Lender shall not be obligated to make any sale of any Trademark Collateral regardless of notice of sale having been given. Administrative 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 Borrower during the continuation of an Event of Default under or in connection with any of the Trademark Collateral shall be received in trust for the benefit of Administrative Lender, shall be segregated from other funds of Borrower and shall be forthwith paid over to Administrative Lender in the same form as so received (with any necessary endorsement).

(C) All payments made hereunder or in connection with or otherwise in respect of the Trademark Collateral and all cash proceeds received by Administrative Lender in respect of any sale of, collection from, or other realization upon all or any part of the Trademark Collateral may, in the discretion of Administrative Lender, be held by Administrative Lender as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Administrative Lender pursuant to Paragraph 10) in whole or in part by Administrative Lender against, all or any part of the Obligations, in such order as Administrative Lender shall elect. Any surplus of such cash or cash proceeds held by Administrative Lender and remaining after payment in full, in cash, of all the Obligations shall be paid over to Borrower or to whomsoever may be lawfully entitled to receive such surplus.

10. Indemnity and Expenses.

(A) Borrower agrees to indemnify and hold Administrative Lender and each Lender harmless from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement or the transactions contemplated hereby, or the enforcement of this Agreement, including, without limitation, claims, losses or liabilities resulting from Administrative Lender's negligence, but excluding claims, losses or liabilities resulting from Administrative Lender's or any Lender's gross negligence or willful misconduct.

(B) Borrower, upon demand, will pay to Administrative Lender the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and disbursements of its counsel (whether incurred at the trial or appellate level, in an arbitration or administrative proceeding, in a bankruptcy, including, without limitation any adversary proceeding, contested matter or motion or otherwise) and of any experts and agents, which Administrative Lender may incur in connection with any and all of the following (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 Trademark Collateral, (iii) the exercise or enforcement of any of Administrative Lender's rights hereunder, or (iv) the failure by Borrower to perform or observe any of the provisions hereof.

11. Amendments, Waivers, Consents.

No amendment or waiver of any provision of this Agreement nor consent to any departure by Borrower herefrom shall in any event be effective unless such amendment or waiver shall be in writing and signed by Administrative Lender, and then such amendment or waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

12. Notices.

All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the following address:

To Borrower: Penford Corporation
777 108th Avenue N.E.
Suite 2390
Bellevue, Washington 98004
Attn: Chief Executive Officer
Fax No.: (425) 462-2819

To Administrative Lender: The Bank of Nova Scotia
Corporate Banking
888 S.W. 5th Avenue, Suite 750
Portland, Oregon 97204-2078
Attn: Patrik G. Norris
Fax No.: (503) 222-5502

or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by fax or hand delivery, upon delivery; and (b) if sent by mail, upon the earlier of the date of receipt or three days after deposit in the U.S. mail, first class and postage prepaid.

13. Miscellaneous.

(A) This Agreement shall create a continuing security interest in the Trademark Collateral and shall (i) remain in full force and effect until payment in full, in cash, of the Obligations, (ii) be binding upon Borrower, its successors and assigns, and (iii) inure, together with the rights and remedies of Administrative Lender hereunder, to the benefit of Administrative Lender, its successors and assigns.

(B) Upon the full payment of all Obligations, the liens and security interests granted hereby shall terminate and all rights to the Trademark Collateral shall revert to Borrower. Upon any such termination, Administrative Lender will, at Borrower's expense, execute and deliver to Borrower such documents as Borrower shall reasonably request to evidence such termination and reversion.

(C) 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.

(D) THIS AGREEMENT SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LOCAL LAW OF THE STATE OF WASHINGTON, EXCLUDING ANY CONFLICTS OF LAW RULE OR PRINCIPLE THAT MIGHT OTHERWISE REFER CONSTRUCTION OR INTERPRETATION OF THIS AGREEMENT TO THE SUBSTANTIVE LAW OF ANOTHER JURISDICTION, AND ALL OTHER LAWS OF MANDATORY APPLICATION.

(E) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR ADMINISTRATIVE LENDER TO ENTER INTO THIS AGREEMENT AND EXTEND CREDIT TO BORROWER, BORROWER AND ADMINISTRATIVE LENDER EACH WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT.

(F) The captions in this Agreement are for reference purposes only and shall not relate to or affect in any way the construction or interpretation hereof.

(G) The representations, warranties, covenants and agreements contained herein or in any Schedule attached hereto shall survive the execution hereof.

(H) **ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

SCHEDULE I

**PENFORD CORPORATION
U.S. TRADEMARK APPLICATIONS
As of November 10, 2000**

MARK	FILING DATE	SERIAL NUMBER
E-COATINGS*	12/09/99	75/867814
P and TEST TUBE Design	04/10/00	76/022207