

Form PTO-1594
(Rev. 03/01)
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**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

M. A. Gedney Company

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

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

3. Nature of conveyance:

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

Execution Date: 07/22/2002

2. Name and address of receiving party(ies)

Name: Bayview Capital Partners LP

Internal Address: Suite 230

Street Address: 641 East Lake Street

City: Wayzata State: MN Zip: 55391

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership Delaware
- Corporation-State
- Other

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

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

A. Trademark Application No.(s) 75/834,774

B. Trademark Registration No.(s) 57000, 2,309,476,
1,426,687, 1,397,803, 2,134,812

Additional number(s) attached Yes No

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

Name: Susan J. Lilyquist

Internal Address: 4200 IDS Center

Street Address: 80 South Eighth Street

City: Minneapolis State: MN Zip: 55402-2205

6. Total number of applications and registrations involved:

15

7. Total fee (37 CFR 3.41) \$ 390

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

500837

DO NOT USE THIS SPACE

9. Signature.

Susan J. Lilyquist
Name of Person Signing

Susan J. Lilyquist
Signature

08/09/2002
Date

Total number of pages including cover sheet, attachments, and document: 22

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

Trademark Recordation Cover Sheet
Continuation - Page 2
Assignor: M. A. Gedney Company
Assignee: Bayview Capital Partners LP

Trademark Registration Numbers con't:

2,082,858
2,082,860
2,133,063
2,532,758
2,152,777
2,309,476
2,196,509
2,122,122
2,259,638

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of July 22, 2002, is made by and among M. A. Gedney Company, a Minnesota corporation (the "Borrower") and Bayview Capital Partners LP, a Delaware limited partnership ("Bayview" or "Agent"), in its capacity as agent for the Purchasers under the Purchase Agreement (as defined below). The Purchasers under the Purchase Agreement are referred to in this Agreement each individually as a "Lender" and collectively as the "Lenders."

BACKGROUND

A. The Lenders have agreed to purchase subordinated notes in the aggregate principal amount of \$2,500,000 (the "Notes") issued by the Borrower and Cains Pickles, Inc., a Minnesota corporation ("Cains" and with the Borrower, the "Loan Parties") pursuant to a Note and Warrant Purchase Agreement dated the date hereof by and between the Agent, the Loan Parties and others (as it may be amended or otherwise modified from time to time, the "Purchase Agreement").

B. The Lenders are willing to extend such credit to the Borrower on the condition that the Borrower grant a security interest to the Agent, on behalf of and for the benefit of the Lenders, in certain assets of the Borrower.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** As used in this Agreement, the capitalized terms set forth in this Section 1 have the meanings indicated in this Section 1. Further, all terms defined in the UCC and used in this Agreement have the same definitions in this Agreement as specified in the UCC.

1.1 "Event of Default" means the occurrence of an Event of Default under the Purchase Agreement

1.2 "Obligations" means all of the indebtedness, obligations and liabilities of the Borrower to the Lenders or Agent, individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising under or in respect of the Notes, the Purchase Agreement, the Ancillary Agreements (as defined in the Purchase Agreement), any other instruments or agreements executed and delivered pursuant thereto or in connection therewith, or this Agreement.

1.3 "Patents" means all of the Borrower's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents including, without limitation, the patents and applications listed on Schedule 2 attached hereto, any divisions, continuations, reissues, re-examinations, extensions and renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under

or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

1.4 "Trademarks" means all of the Borrower's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, the trademarks and applications listed on Schedule 3 attached hereto, any renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

1.5 "UCC" means the Uniform Commercial Code of the State of Minnesota.

2. Grant of Security Interest. The Borrower grants to the Agent, for itself and the benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a security interest in the following properties, assets and rights of the Borrower, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"): all personal and fixture property of every kind and nature including without limitation all goods (including equipment and any accessions thereto but excluding inventory), instruments (including promissory notes), documents, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles including, without limitation, all payment intangibles, Patents, patent applications, Trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Borrower possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Borrower, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics; provided, however, that the Collateral does not include any Account or Inventory as each is defined in Section 336.9-102 of the UCC or any deposit accounts maintained by the Borrower with U.S. Bank. The Agent acknowledges that the attachment of its security interest in any commercial tort claim as original collateral is subject to the Borrower's compliance with Section 4.6.

3. Authorization to File Financing Statements. The Borrower irrevocably authorizes the Agent at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (i) indicate the Collateral (A) as all assets of the Borrower (other than accounts receivable or inventory) or words of similar effect,

regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or the Uniform Commercial Code of any other jurisdiction, or (B) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by Article 9 of the UCC or the Uniform Commercial Code of any other state for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether the Borrower is an organization, the type of organization and any organization identification number issued to the Borrower and, (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Borrower agrees to furnish any such information to the Agent promptly upon request. The Borrower also ratifies its authorization for the Agent to have filed in any Uniform Commercial Code jurisdiction any similar initial financing statements or amendments thereto if filed prior to the date hereof.

4. Other Actions. To further insure the attachment, perfection and priority of, and the ability of the Agent to enforce, the Agent's security interest in the Collateral, the Borrower agrees, in each case at the Borrower's own expense, but except as and to the extent the following actions conflict with Borrower's obligations and restrictions pursuant to the Senior Credit Agreement (as defined in the Purchase Agreement), and agreements related thereto (collectively, the "U.S. Bank Credit Agreements"), to take the following actions with respect to the following Collateral:

4.1 Promissory Notes and Tangible Chattel Paper. If the Borrower at any time holds or acquires any promissory notes or tangible chattel paper, the Borrower will promptly endorse, assign and deliver the same to the Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Agent may from time to time specify.

4.2 Deposit Accounts. For each deposit account that the Borrower at any time opens or maintains, the Borrower will, at the Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Agent, either (i) cause the depository bank to agree to comply at any time with instructions from the Agent to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Borrower, or (ii) arrange for the Agent to become the customer of the depository bank with respect to the deposit account, with the Borrower being permitted, only with the consent of the Agent, to exercise rights to withdraw funds from such deposit account.

4.3 Investment Property.

(a) If the Borrower at any time holds or acquires any certificated securities, the Borrower will promptly endorse, assign and deliver the securities to the Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Agent may from time to time specify.

(b) If any securities now or hereafter acquired by the Borrower are uncertificated and are issued to the Borrower or its nominee directly by the issuer

thereof, the Borrower will immediately notify the Agent thereof and, at the Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Agent, either (i) cause the issuer to agree to comply with instructions from the Agent as to such securities, without further consent of the Borrower or such nominee, or (ii) arrange for the Agent to become the registered owner of the securities.

(c) If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Borrower are held by the Borrower or its nominee through a securities intermediary or commodity intermediary, the Borrower will immediately notify the Agent thereof and, at the Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Agent, either (i) cause such securities intermediary or commodity intermediary to agree to comply with entitlement orders or other instructions from the Agent to such securities intermediary as to such securities or other investment property, or to apply any value distributed on account of any commodity contract as directed by the Agent to such commodity intermediary, in each case without further consent of the Borrower or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Agent to become the entitlement holder with respect to such investment property, with the Borrower being permitted, only with the consent of the Agent, to exercise rights to withdraw or otherwise deal with such investment property.

(d) The provisions of this Section 4.3 do not apply to any financial assets credited to a securities account for which the Agent are the securities intermediary.

4.4 Collateral in the Possession of a Bailee. If any Collateral comprised of goods are at any time in the possession of a bailee, the Borrower will promptly notify the Agent thereof. If requested by the Agent, the Borrower will promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to the Agent, that the bailee holds such Collateral for the benefit of the Agent and that the bailee will act upon the instructions of the Agent, without the further consent of the Borrower.

4.4. Electronic Chattel Paper and Transferable Records. The Borrower will promptly notify the Agent if the Borrower at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act (the "Electronic Signatures Act"), or in Section 16 of the Uniform Electronic Transactions Act (the "Electronic Transactions Act"), whichever is in effect in any relevant jurisdiction. At the request of the Agent, the Borrower will take such action as the Agent may reasonably request to vest in the Agent control of (i) such electronic chattel paper under Section 9-105 of the UCC or (ii) such transferable record under Section 201 of the Electronic Signatures Act or Section 16 of the Electronic Transactions Act, as applicable.

4.5 Letter-of-credit Rights. If the Borrower is at any time a beneficiary under a letter of credit now or hereafter issued in favor of the Borrower, the Borrower will promptly notify the Agent thereof and, at the request and option of the Agent, the Borrower will, pursuant to an agreement in form and substance satisfactory to the Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Agent of the proceeds of any drawing under the letter of credit or (ii) arrange for the Agent to become the transferee beneficiary of the letter of credit.

4.6 Commercial Tort Claims. If the Borrower at any time holds or acquires a commercial tort claim, the Borrower will immediately notify the Agent in a writing signed by the Borrower of the brief details thereof and grant to the Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Agent.

4.7 Other Actions as to any and all Collateral. The Borrower agrees to take any other action reasonably requested by the Agent to insure the attachment, perfection and priority of, and the ability of the Agent to enforce, the Agent's security interest in any and all of the Collateral including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC or the Uniform Commercial Code of any jurisdiction, (ii) causing the Agent's names to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Agent to enforce, the Agent's security interest in such Collateral, (iii) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Agent to enforce, the Agent's security interest in such Collateral, (iv) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Collateral, (v) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Agent and (vi) taking all actions required by any earlier versions of the UCC, the Uniform Commercial Code of any jurisdiction or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

5. Patents and Trademarks.

5.1 Representations and Warranties. The Borrower represents and warrants to the Agent as follows:

(a) No Patent or Trademark has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Patent or Trademark been cancelled, in whole or in part and each such Patent and Trademark is presently subsisting.

(b) Except for any Permitted Liens (as defined in the Purchase Agreement and hereinafter referred to as "Permitted Liens") that may exist

thereon on the date of this Agreement, the Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Patent and Trademark, free and clear of any liens, charges and encumbrances, including without limitation, shop rights and covenants by the Borrower not to sue third persons. The Patents listed in Schedule 2 and the Trademarks listed in Schedule 3 constitute all the United States federal registrations or applications registered in the United States Patent and Trademark Office, as well all registrations or applications registered in any state thereof or any political subdivision thereof, that the Borrower owns.

(c) The Borrower has no notice of (i) any suits or actions commenced or threatened with reference to any Patent or Trademark nor (ii) any third-party claim that any aspect of the Borrower's present or contemplated business operations infringes or will infringe any patent, trademark or trade name.

5.2 Restrictions on Future Agreements. Except as and to the extent otherwise required by the U.S. Bank Credit Agreements, the Borrower will not, without the prior written consent of the Agent, sell or assign its interest in any Patent or Trademark or enter into any other agreement with respect to any Patent or Trademark which would affect the validity or enforcement of the rights transferred to Agent under this Agreement.

5.3 New Patents and Trademarks. If the Borrower becomes (i) aware of any existing Patents or Trademarks of which the Borrower has not previously informed the Lender, or (ii) entitled to the benefit of any Patents or Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement will automatically apply thereto and the Borrower will give the Agent prompt written notice thereof. The Borrower authorizes the Agent to modify this Agreement by amending Schedule 2 and Schedule 3 to include any such Patents and Trademarks.

5.4 Duties of the Borrower. The Borrower agrees to (i) file and prosecute diligently any patent or trademark applications pending as of the date hereof or hereafter until the Obligations have been paid in full, (ii) preserve and maintain all rights in the Patents and Trademarks, as commercially reasonable, and (iii) to ensure that the Patents and Trademarks are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with the Borrower's obligations under this Section will be borne by the Borrower.

5.5 Agent's Right to Sue. Upon the occurrence of an Event of Default, the Agent will have the right, but will in no way be obligated, to bring suit in its own name to enforce the Patents and Trademarks and, if the Agent commences any such suit, the Borrower will, at the request of the Agent, do any and all lawful acts and execute any and all proper documents required by the Agent in aid of such enforcement and the Borrower will promptly, upon demand, reimburse and indemnify the Agent for all costs and expenses incurred by the Agent in the exercise of its rights under this Section.

5.7 Power of Attorney. The Borrower authorizes the Agent upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of the Agent as the Agent may select, in its sole discretion, as the Borrower's true and lawful attorney-in-fact, with the power to (i) endorse the Borrower's name on all applications, documents, papers and instruments necessary or desirable for the Agent in the use of the Patents and Trademarks, (ii) take any other actions with respect to the Patents and Trademarks as the Agent deem to be in the best interest of the Lenders, (iii) grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents or Trademarks to anyone.

5.8 Further Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, the Agent may, by written notice to the Borrower, take any or all of the following actions: (i) declare the entire right, title and interest of the Borrower in and to each of the Patents and Trademarks vested, in which event such right, title and interest shall immediately vest, in the Agent; (ii) take and use or sell the Patents and the Trademarks; and (iii) direct the Borrower to refrain, in which event the Borrower will refrain, from using the Patents and Trademarks in any manner whatsoever, directly or indirectly, and, if requested by the Agent, change the Borrower's corporate name to eliminate therefrom any use of any Trademark and execute such other and further documents that the Agent may request to further confirm this and to transfer ownership of the Patents and Trademarks and registrations and any pending application in the United States Patent and Trademark Office or any equivalent government agency or office in any state or political subdivision thereof or in any foreign jurisdiction to the Lenders. The Borrower agrees that the use by the Agent of all Patents and Trademarks as provided in this Agreement will be without any liability for royalties or other related charges from the Agent to the Borrower.

6. Representations and Warranties Concerning Borrower's Legal Status. The Borrower represents and warrants to the Agent as follows: (i) the Borrower's exact legal name is that indicated on Schedule 1 and on the signature page to this Agreement, (ii) the Borrower is an organization of the type and organized in the jurisdiction set forth in Schedule 1, (iii) Schedule 1 accurately sets forth the Borrower's organizational identification number or accurately states that the Borrower has none, (iv) Schedule 1 accurately sets forth the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different, and (v) all other information set forth in Schedule 1 pertaining to the Borrower is accurate and complete.

7. Covenants Concerning Borrower's Legal Status. The Borrower covenants with the Agent as follows: (i) without providing at least 30 days prior written notice to the Agent, the Borrower will not change its name, its places of business, its chief executive office, or its mailing address or organizational identification number, (ii) if the Borrower does not have an organizational identification number and later obtains one, the Borrower will promptly notify the Agent of such organizational identification number, and (iii) the Borrower will not change its type of organization, jurisdiction of organization or other legal structure.

8. Representations and Warranties Concerning Collateral. The Borrower represents and warrants to the Agent as follows: (i) the Borrower is the owner of the Collateral, free from any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement and Permitted Liens, (ii) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the UCC, (iii) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority subject to the Federal Assignment of Claims Act or any similar federal, state or local statute or rule in respect of such Collateral, (iv) the Borrower holds no commercial tort claim except as indicated in Schedule 1, (v) the Borrower has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances and (vi) all other information set forth in Schedule 1 pertaining to the Collateral is accurate and complete.

9. Covenants Concerning Collateral. The Borrower covenants with the Agent as follows: (i) the Collateral, to the extent not delivered to the Agent pursuant to Section 4, will be kept at those locations listed on Schedule 1, and the Borrower will not remove the Collateral from such locations, without providing at least 30 days prior written notice to the Agent, (ii) except for the security interest herein granted and Permitted Liens, the Borrower will be the owner of the Collateral free from any lien, security interest or other encumbrance, and the Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the Collateral or any interests therein adverse to the Agent, (iii) the Borrower will not pledge, mortgage or create, or suffer to exist (except Permitted Liens) a security interest in the Collateral in favor of any person other than the Agent, (iv) the Borrower will keep the Collateral in good order and repair and will not use the Collateral in violation of law or any policy of insurance thereon, (v) the Borrower will permit the Agent, or any designee, to inspect the Collateral at any reasonable time, wherever located, (vi) the Borrower will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, (vii) the Borrower will continue to operate its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances and (viii) the Borrower will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for sales of inventory in the ordinary course of business.

10. Insurance. The Borrower will maintain insurance with financially sound and reputable insurers with respect to its properties and business against such casualties and contingencies in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance will be in such minimum amounts that the Borrower will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise will be in such amounts, contain such terms, be payable to the Agent as loss payee (or, in the case of liability insurance, list the Agent as additional insureds), be in such forms and be for such periods as may be reasonably satisfactory to the Agent. All policies of insurance will provide for at least 30 days prior written cancellation notice to the Agent. In the event of failure by the Borrower to provide and maintain insurance as required by this Section, the Agent may, at

its option, provide such insurance and charge the amount thereof to the Borrower. The Borrower will furnish the Agent with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

11. Collateral Protection Expenses; Preservation of Collateral.

11.1 Expenses Incurred by Agent. In its discretion, the Agent may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto and pay any necessary filing fees or, if the Borrower fails to do so, insurance premiums. The Borrower agrees to reimburse the Agent on demand for any and all expenditures so made. The Agent will have no obligation to the Borrower to make any such expenditures, nor will the making thereof relieve the Borrower of any default.

11.2 Agent's Obligations and Duties. Anything herein to the contrary notwithstanding, the Borrower will remain liable under each contract or agreement included within the Collateral to be observed or performed by the Borrower thereunder. The Agent will not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Agent of any payment relating to any of the Collateral, nor will the Agent be obligated in any manner to perform any of the obligations of the Borrower under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Agent in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement. The Agent will not have any obligation to present or file any claim or to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Agent or to which the Agent may be entitled at any time or times. The Agent's sole duty with respect to the custody, safe keeping and physical preservation of any Collateral in its possession, under Section 9-207 of the UCC or otherwise, will be to deal with such Collateral in the same manner as the Agent deals with similar property for its own account.

12. Securities and Deposits. The Agent may, at any time following and during the continuance of an Event of Default, at its option, transfer to the Agent or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, the Agent may, following and during the continuance of an Event of Default demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from the Agent to the Borrower may at any time be applied to or set off against any of the Obligations.

13. Notification to Persons Obligated on Collateral. If an Event of Default occurs and is continuing, the Borrower will, at the request of the Agent, notify persons obligated on any of the Collateral of the security interest of the Agent and that payment thereof is to be made directly to the Agent, and the Agent may, without notice to or demand upon the Borrower, so notify such persons obligated on Collateral. After the making of such a request or the giving of any such

notification, the Borrower will hold any proceeds of collection of chattel paper, general intangibles, instruments and other Collateral received by the Borrower as trustee for the Agent without commingling the same with other funds of the Borrower and will turn the same over to the Agent in the identical form received, together with any necessary endorsements or assignments. The Agent will apply the proceeds of collection of chattel paper, general intangibles, instruments and other Collateral received by the Agent to the Obligations, such proceeds to be immediately entered after final payment in cash or other immediately available funds of the items giving rise to them. The Borrower shall have no obligations pursuant to this Section 13 if and to the extent such obligations conflict with Borrower's obligations and restrictions pursuant to the U.S. Bank Credit Agreements.

14. Power of Attorney.

14.1 Appointment and Powers of Agent. The Borrower irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Borrower or in Agent's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, to do the following:

(a) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the UCC and as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do at the Borrower's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Borrower might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal or local agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Borrower, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Agent so elects, with a view to causing the liquidation in a commercially reasonable manner of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that the Borrower's authorization given in Section 3 is not sufficient, to file such financing statements with respect hereto, with or without the Borrower's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Agent may deem appropriate and to

execute and/or file in the Borrower's name such financing statements and amendments thereto and continuation statements which may require the Borrower's signature.

14.2. Ratification by the Borrower. To the extent permitted by law, the Borrower ratifies all that any such attorneys lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

14.3. No Duty on Agent. The powers conferred on the Agent hereunder are solely to protect the Agent's interest in the Collateral and do not impose any duty upon the Agent to exercise any such powers. The Agent will be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents will be responsible to the Borrower for any act or failure to act, except for the Agent's own gross negligence or willful misconduct.

15. Remedies. If an Event of Default occurs and is continuing, the Agent may, without notice to or demand upon the Borrower, declare this Agreement to be in default, and the Agent will thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC or the Uniform Commercial Code of any jurisdiction in which the Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Agent may, so far as the Borrower can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Agent may in its discretion require the Borrower to assemble all or any part of the Collateral at such location or locations within the jurisdictions of the Borrower's principal office(s) or at such other locations as the Agent may reasonably designate. Unless the Collateral is perishable or threatens to decline rapidly in value or is of a type customarily sold on a recognized market, the Agent will give to the Borrower at least ten business days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Borrower acknowledges that ten business days prior written notice of such sale or sales is reasonable notice. In addition, the Borrower waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights hereunder, including, without limitation, the right following an Event of Default to take immediate possession of the Collateral and to exercise their rights with respect thereto.

16. Standards for Exercising Remedies. To the extent that applicable law imposes duties on the Agent to exercise remedies in a commercially reasonable manner, the Borrower acknowledges and agrees that it is not commercially unreasonable for the Agent (i) to fail to incur expenses reasonably deemed significant by the Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to

exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as the Borrower, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure the Agent against risks of loss, collection or disposition of Collateral or to provide to the Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Agent in the collection or disposition of any of the Collateral. The Borrower acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by the Agent would not be commercially unreasonable in the Agent's exercise of remedies against the Collateral and that other actions or omissions by the Agent will not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section will be construed to grant any rights to the Borrower or to impose any duties on the Agent that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

17. No Waiver by Agent. The Agent will not be deemed to have waived any of its rights hereunder unless such waiver is in writing and signed by the Agent. No delay or omission on the part of the Agent in exercising any right will operate as a waiver of such right or any other right. A waiver on any one occasion will not be construed as a waiver of any right on any future occasion. All rights and remedies of the Agent with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, will be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Agent deem expedient.

18. Suretyship Waivers by the Borrower. The Borrower waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Borrower assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Agent may deem advisable. The Agent will have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 11.2. The Borrower further waives any and all other suretyship defenses.

19. Marshaling. The Agent will not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment will be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Borrower agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Agent's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Borrower irrevocably waives the benefits of all such laws.

20. Proceeds of Dispositions; Expenses. The Borrower will pay to the Agent on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Agent in protecting, preserving or enforcing the Agent's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of such expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral will, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Agent may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Section 9-608(a)(1)(C) or 9-615(a)(3) of the UCC, any excess will be returned to the Borrower, and the Borrower will remain liable for any deficiency in the payment of the Obligations.

21. Overdue Amounts. Until paid, all amounts due and payable by the Borrower hereunder will be a debt secured by the Collateral and will bear, whether before or after judgment, interest at the rate of interest set forth in the Notes issued under the Purchase Agreement.

22. Governing Law. This Agreement will be construed and enforced in accordance with the substantive laws of the State of Minnesota without giving effect to the conflicts of laws principles of any jurisdiction.

23. Notices. All notices, consents, requests, instructions, approvals and other communications required by this Agreement will be validly given, made or served if in writing and delivered personally, sent by certified mail (postage prepaid), facsimile transmission, or by a nationally recognized overnight delivery service, addressed as follows (or such other address as is furnished in writing by a party to the other parties):

(a) If to the Agent:

Bayview Capital Partners LP
Attn: Peter W. Kooman
641 East Lake Street, Suite 230

Wayzata, Minnesota 55391
Tel.: 952-345-2022
Fax: 952-345-2001

with a copy to:

Lindquist & Vennum P.L.L.P.
Attn: Robert E. Tunheim
4200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402
Tel.: 612-371-3915
Fax: 612-371-3207

(b) If to the Borrower:

M. A. Gedney Company
Attn: Chief Executive Officer
2100 Stoughton Avenue
Chaska, Minnesota 55318
Tel: 952-448-2612
Fax: 952-448-1790

23. Entire Agreement. This Agreement contains the entire understanding of the parties hereto with respect to the subject matter contained herein. There are no restrictions, promises, warranties, covenants, or undertakings, other than those expressly provided for herein. This Agreement supersedes all prior agreements and undertakings between the parties with respect to such subject matter.

24. Severability of Invalid Provision. If any one or more covenant or agreement provided in this Agreement is contrary to law, then such covenant or agreement will be null and void and will in no way affect the validity of the other provisions of this Agreement, which will otherwise be fully effective and enforceable.

25. Successors and Assigns. This Agreement will be binding upon the successors and assigns of the Borrower and, together with the rights and remedies of the Agent, for the benefit of the Agent and the Lenders, inure to the benefit of the Agent and the Lenders, all future holders of any instrument evidencing the Obligations and their respective successors and assigns; provided, however, that the Borrower may not assign any of its obligations hereunder without the prior written consent of the Agent.

26. Counterparts. This Agreement may be executed in one or more counterparts, and will become effective when one or more counterparts have been signed by each of the parties.

27. Consent to Jurisdiction. AT THE OPTION OF THE AGENT, THIS AGREEMENT MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA

STATE COURT SITTING IN HENNEPIN COUNTY, MINNESOTA, AND THE BORROWER CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT THE BORROWER COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ALLEGING ANY BREACH OF THIS AGREEMENT, THE AGENT AT ITS OPTION IS ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES DESCRIBED ABOVE, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

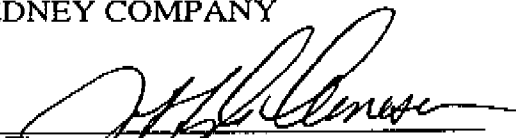
28. Waiver of Jury Trial. THE BORROWER WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION BASED ON OR PERTAINING TO THIS AGREEMENT.

* * * * *

IN WITNESS WHEREOF, this Security Agreement has been duly executed by the parties hereto on the day and year first above written.

THE BORROWER:


M. A. GEDNEY COMPANY

By: 
Its: J. P. Jensen / CFO

THE AGENT:

BAYVIEW CAPITAL PARTNERS LP

By: Bayview Capital Management LLC
Its: General Partner

By: 
Its: Managing Director

**SCHEDULE 1 TO
SECURITY AGREEMENT**

1. Borrower's Exact Legal Name: M. A. Gedney Company
2. Borrower's Type of Organization: Corporation
3. Borrower's State of Organization: Minnesota
4. Borrower's Organization Identification Number: 561-AA
5. Address of Borrower's Chief Executive Office: 2100 Stoughton Avenue
Chaska, Minnesota 55318
6. Addresses of All of Borrower's Places of Business: 2100 Stoughton Avenue
Chaska, Minnesota 55318
7. Description of any Commercial Tort Claims: None

SCHEDULE 2 TO
SECURITY AGREEMENT

PATENTS

Title of Patent	Patent Number	Date Issued
Method for Brine Free Long Term Storage of Pickles	5,922,383	July 13, 1999

PATENT APPLICATIONS

None.

Title of Patent Application	Serial Number	Date Filed

SCHEDULE 3 TO
SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Trademark Description	Registration Number	Date Registered
Gedney	57,000	10/30/1906
"Gedney since 1881" and design	2,309,476	1/18/2000
"Gedney" and design	1,426,687	1/27/1987
Max's	1,397,803	6/17/1986
Devil's Fire	2,134,812	2/3/1998
Geraldo's and design	2,082,858	7/29/1997
Geraldo's	2,082,860	7/29/1997
Hot Enuf Medium	2,133,063	1/27/1998
Jam Ladies	2,532,758	1/22/2002
No Sweat Mild	2,152,777	4/21/1998
Pickle design	2,309,476	1/18/2000
Pickle Pick-ups	2,196,509	10/13/1998
Pickle Planks	2,122,122	12/16/1997
Zingers	2,259,638	7/6/1999

TRADEMARK APPLICATIONS

Trademark Application Description	Serial Number	Date Applied
Pickle People	75/834,774	10/29/1999