

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Knouse Foods Cooperative, Inc.		04/15/2003	Cooperative Agricultural Association: PENNSYLVANIA

RECEIVING PARTY DATA

Name:	CoBank, ACB
Street Address:	5500 South Quebec Street
City:	Greenwood Village
State/Country:	COLORADO
Postal Code:	80111
Entity Type:	Federally Chartered Instrumentality of the United States: UNITED STATES

PROPERTY NUMBERS Total: 55

Property Type	Number
Registration Number:	2262653
Registration Number:	608049
Registration Number:	1511998
Registration Number:	2089022
Registration Number:	659614
Registration Number:	1394281
Registration Number:	2087451
Registration Number:	1420357
Registration Number:	1605791
Registration Number:	1420358
Registration Number:	1623841
Registration Number:	997640

TRADEMARK

REEL: 002648 FRAME: 0587

900000231

OP \$1390.00 76446733

Registration Number:	1718436
Registration Number:	1785701
Registration Number:	1811626
Registration Number:	2073748
Registration Number:	2316901
Registration Number:	641841
Registration Number:	641840
Registration Number:	683003
Registration Number:	671297
Registration Number:	678584
Registration Number:	355887
Registration Number:	683391
Registration Number:	629659
Registration Number:	2314730
Registration Number:	2311571
Registration Number:	1439425
Registration Number:	1480999
Registration Number:	1190149
Registration Number:	1238613
Registration Number:	1294716
Registration Number:	1444309
Registration Number:	1888661
Registration Number:	1938524
Registration Number:	2609530
Registration Number:	2609819
Registration Number:	2609820
Registration Number:	507122
Registration Number:	2073749
Registration Number:	1414380
Registration Number:	1415184
Registration Number:	304223
Registration Number:	610482

Registration Number:	1475172
Registration Number:	1516547
Registration Number:	1522779
Registration Number:	919877
Registration Number:	1140058
Registration Number:	2067092
Registration Number:	2069554
Registration Number:	1613080
Registration Number:	1615038
Registration Number:	2071662
Serial Number:	76446733

CORRESPONDENCE DATA

Fax Number: (303)473-2720

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 303-473-2726

Email: kmiller@hollandhart.com

Correspondent Name: Kristine M. Miller

Address Line 1: 555 Seventeenth Street

Address Line 2: Suite 3200

Address Line 4: Denver, COLORADO 80202

ATTORNEY DOCKET NUMBER:	30663.0064
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NAME OF SUBMITTER:	Kristine M. Miller
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Total Attachments: 10

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TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement ("**Security Agreement**") dated as of April 16, 2003, is executed by and between Knouse Foods Cooperative, Inc., a Pennsylvania cooperative agricultural association ("**Debtor**"), whose address is 800 Peach Glen-Idaville Road, Peach Glen, Pennsylvania, 17375, and CoBank, ACB, as Agent (as defined below) ("**Secured Party**").

RECITALS

A. CoBank, ACB ("**CoBank**"), as a lender and certain other present and future Syndication Parties (collectively, the "**Lender Group**" and each, a "**Lender**"), CoBank, in its capacity as Administrative Agent for the Lender Group (in such capacity, and including any Successor Agent as defined in the Loan Agreement, "**Agent**") and Debtor, have entered into that certain Credit Agreement of even date herewith (as amended, restated or replaced from time to time, the "**Loan Agreement**"), pursuant to which the Lender Group has agreed to make (a) a revolving loan to Debtor in an amount up to the lesser of \$60,000,000 or the Borrowing Base (as defined in the Loan Agreement) ("**Revolving Loan**"); (b) a Term Loan in a maximum amount of \$2,500,000 ("**Term Loan A**"); and (c) a term loan in an amount up to \$18,750,000 ("**Term Loan B**") (Term Loan A and Term Loan B are collectively the "**Term Loan**" and, together with the Revolving Loan, "**Loans**") upon the terms and conditions set forth in the Loan Agreement.

B. The provisions of the Loan Agreement require that Debtor execute this Security Agreement and any other document or agreement necessary in order for Debtor to grant to Secured Party a lien and security interest in certain of its assets and properties, both real and personal, tangible or intangible, whether now owned or hereafter acquired, as security for the performance of Debtor's obligations under the Loan Documents (as defined below).

AGREEMENTS

1. **Definitions.** Capitalized terms used, but not defined, herein shall have the meaning given to such terms in the Loan Agreement, if defined therein. As used in this Security Agreement, the following terms shall have the meanings set forth below:

"Loan Documents" means the Loan Agreement, the Notes, and the Security Documents.

"Notes" means all promissory notes now existing or hereafter made by Debtor pursuant to the Loan Agreement, and any amendments or modifications to such original promissory notes or any replacements thereof or substitutions therefor, together with any additional promissory notes issued by Debtor in connection with the Loan Agreement and any amendments or modifications thereto, replacements thereof or substitutions therefor.

The Loans made pursuant to the Loan Agreement are syndicated credit facilities and it is anticipated that the identity of the Syndication Parties may change from time to time and that existing Notes will from time to time be exchanged for, or replaced by, other Notes.

2. **Grant of Security Interest.** Debtor does hereby grant to Secured Party a security interest in the following personal property (“**Collateral**”):

a. All present and future trademarks, tradenames and service marks and federal, state and foreign trademark, tradename and service mark registrations and applications belonging to Debtor and/or any logos now or hereafter used by Debtor, including, but not limited to, the personal property described on Exhibit A attached hereto and incorporated herein by this reference;

b. All present and future elements of package or trade dress belonging to Debtor pertaining to Debtor’s trademarks, tradenames and service marks and federal, state and foreign trademark, tradename and service mark registrations and applications;

c. All present and future goodwill now or hereafter belonging to Debtor and connected with or symbolized by Debtor’s present and future trademarks, tradenames, service marks, trademark registrations, trade registrations, service mark registrations, trademark applications, tradename applications, service mark applications, package and trade dress;

d. All present and future licenses belonging to Debtor and pertaining to foregoing trademarks, tradenames, service marks, trademark registrations, tradename registrations, service mark registrations, trademark applications, tradename applications, service mark applications, package and trade dress, including, but not limited to, the licenses described on Exhibit B attached hereto; and

e. All proceeds and products of and books and records pertaining to the foregoing personal property.

3. **Obligations Secured by Collateral.** The Collateral shall secure the payment and performance of all of Debtor’s indebtedness, liabilities and obligations to Secured Party arising under the Notes, the Loan Agreement and the other Loan Documents and performance of all of Debtor’s indebtedness, liabilities and obligations to Secured Party arising under this Security Agreement (collectively “**Obligations**”).

4. **Representations and Warranties.** Debtor hereby represents and warrants that:

a. Debtor is the owner of the Collateral free and clear of all security interests, liens, charges, encumbrances, setoffs, defenses and counterclaims of whatsoever kind or nature, except for the Permitted Encumbrances (defined below);

b. Except for the security interests, liens and encumbrances permitted under the Loan Agreement and except for the licenses, if any, listed on Exhibit B hereto (collectively, the “**Permitted Encumbrances**”), Debtor, or any prior owner of the Collateral, has not made, and shall not make, any assignment, license, pledge, mortgage, hypothecation or transfer of the Collateral or the proceeds thereof without the prior written consent of Secured Party;

c. This Security Agreement does not contravene any statute, ordinance, administrative rule, contract, or other agreement binding on Debtor including, but not limited to, any license agreement pertaining to the Collateral, where such contravention would have a Material Adverse Effect; and

d. There are no legal actions or administrative proceedings pending or, to Debtor’s knowledge, threatened before any court or administrative agency involving the Collateral that, if determined adversely to Debtor, would result in a material obligation or liability of Debtor.

5. **Use and Ownership Prior to Default.** Debtor shall use the Collateral only in the ordinary course of its business. Debtor shall defend its title to the Collateral free and clear of all liens, charges, encumbrances, setoffs, defenses and counterclaims of every kind and nature (except for the Permitted Encumbrances) against all present and future contradictory claims which are reasonably likely to have a material adverse effect on the value of the Collateral and shall not assign, license, sell, transfer or otherwise encumber the Collateral except as permitted under the Loan Agreement without the prior written consent of Secured Party. Debtor shall take any reasonable action needed to maintain the value of the Collateral in a timely manner. The Secured Party is hereby appointed as Debtor’s agent to take any reasonable action necessary to maintain the value of the Collateral, including, but not limited to, filing affidavits of continued use and renewing the trademarks and service marks contained in the Collateral upon the occurrence of an Event of Default or the failure of Debtor to take such action. Debtor shall reimburse Secured Party for all sums expended to maintain the Collateral together with interest thereon at the Default Interest Rate (as defined in the Loan Agreement). Notwithstanding the foregoing, Secured Party shall not be required to maintain the Collateral and does not assume any other obligation or liability pertaining to the Collateral.

6. **Events of Default.** Debtor shall be in default under this Security Agreement upon the occurrence of any of the following (each an “**Event of Default**”):

a. The occurrence of an Event of Default under the Loan Agreement.

b. The failure of Debtor to satisfy or perform any of its indebtedness, liabilities or obligations to Secured Party arising under this Security Agreement.

7. **Rights and Remedies on Default.** Upon the occurrence of an Event of Default, Secured Party shall be entitled to exercise one or more of the following remedies without presentment, dishonor, notice or demand of any kind (all of which are hereby waived by Debtor):

- a. to declare the Obligations immediately due and payable in full;
- b. to notify the licensees of any of the Collateral of Secured Party's security interest and/or instruct such persons or entities to pay directly to Secured Party any moneys owed to Debtor under any license agreement;
- c. to enter the premises of Debtor or any third party and take possession of any property evidencing, consisting of, or containing the Collateral;
- d. to require Debtor to deliver and make available to Secured Party any property evidencing, consisting of, or containing the Collateral at a place reasonably convenient to Debtor and Secured Party;
- e. to foreclose on the Collateral;
- f. to make use of any of the Collateral for the sale of goods, completion of work-in-process or rendering of services or otherwise; and
- g. to exercise all other rights available to Secured Party under the Loan Agreement or any other Loan Document, in any other present or future document, instrument or agreement between Debtor and Secured Party, or under the Uniform Commercial Code or other applicable law.

Secured Party's rights are cumulative and may be exercised together, separately, and in any order.

Without limiting any of Debtor's obligations or Secured Party's rights under this Security Agreement or any of the other Loan Documents, Debtor shall provide Secured Party, upon Secured Party's request from time to time, with updated versions of Exhibit A to this Security Agreement which describe all of the Collateral that is applied for and/or registered with the U.S. Patent and Trademark Office or in any foreign jurisdiction. In addition, Debtor shall provide Secured Party, upon Secured Party's request from time to time, with absolute assignments of the Collateral ("**Assignments**"). Such Assignments shall be in the form and substance acceptable to Secured Party in its discretion and shall be executed in blank. Debtor hereby appoints Secured Party as its attorney-in-fact to insert the name and address of the assignee and any other information required by the U.S. Patent and Trademark Office or any foreign jurisdiction in the Assignments and file the Assignments with that governmental authority but only after the occurrence of an Event of Default and the foreclosure of Secured Party's security interest in the Collateral under applicable law. This power of attorney is coupled with an interest and is irrevocable in nature.

8. **Indemnity.** The Secured Party shall not be deemed to have assumed or be responsible for the performance of any of Debtor's obligations with respect to the Collateral under any circumstances. Debtor shall immediately provide Secured Party with written notice of and indemnify and hold Secured Party harmless from all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (collectively "**Claims**") pertaining to its business operations or the Collateral.

9. **Further Assurances.** Debtor shall take all actions and execute and file all documents necessary or reasonably requested by Secured Party to carry out the intent and purposes of this Security Agreement. Without limiting the foregoing, Debtor shall authorize or execute, as applicable, and file such financing statements and other documents as Secured Party may require from time to time, in any location that Secured Party may deem necessary or appropriate to perfect and preserve Secured Party's security interest in the Collateral and appoints Secured Party as Debtor's attorney-in-fact to authorize or execute and file the aforementioned documents. This power of attorney is coupled with an interest and irrevocable in nature.

10. **Termination.** This Security Agreement and the security interest of Secured Party in the Collateral shall terminate upon (a) the full indefeasible payment and satisfaction of the Obligations and (b) upon Secured Party having no further obligation under the Loan Agreement to make any extension of credit to Debtor. Upon any such termination, Secured Party shall return to Debtor or destroy all executed Assignments that have not previously been filed with the U.S. Patent and Trademark Office or in any foreign jurisdiction in accordance with Section 7 hereof and shall authorize or execute, as applicable, and file, at Debtor's cost, such termination statements and other documents as may be necessary or appropriate to terminate, cancel and discontinue any recorded Assignments and/or financing statements with respect to the Collateral.

11. **Modification and Waiver.** No provision of this Security Agreement may be waived or modified except in a writing signed by the parties hereto. Secured Party may perform any of Debtor's obligations or delay or fail to exercise any of its rights under this Security Agreement without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion.

12. **Successors and Assigns.** This Security Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, except that Debtor may not assign or transfer its rights or obligations hereunder without the prior written consent of Secured Party.

13. **Construction.** This Security Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without regard to principles of conflict of laws.

14. **Appointment and Rights of Agent.** Debtor acknowledges, agrees, and consents (a) that CoBank, as Agent for the Lender Group is acting for the

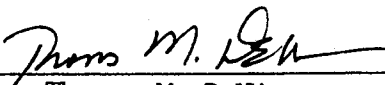
benefit of all of the Lender Group hereunder, and (b) that in the event that a Successor Agent is appointed for CoBank in its capacity as Agent and written notification thereof is provided to Debtor by CoBank, any Lender or such Successor Agent, then such Successor Agent shall be entitled to exercise all the rights of CoBank as Agent for the Lender Group hereunder.

15. **Headings.** The several captions to different sections of this Security Agreement are inserted for convenience only and shall be ignored in interpreting the provisions hereof.

Dated as of the 16th day of April, 2003.


DEBTOR:

KNOUSE FOODS COOPERATIVE, INC.

By: 
Name: Thomas M. DeNisco
Title: Vice-President/CFO

SECURED PARTY:

COBANK, ACB

By: 
Name: Thomas R. Fagerquist
Title: Assistant Vice President

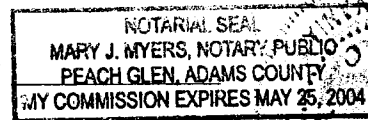
STATE OF Penn)
) ss.
COUNTY OF Adams)

The foregoing instrument was acknowledged before me by Thomas M. DeViss as the VP / CFO of Knouse Foods Cooperative, Inc., a Pennsylvania cooperative agricultural association on this 15th day of April, 2003.

WITNESS MY HAND AND OFFICIAL SEAL.

Mary J. Myers
Notary Public

My commission expires:



STATE OF COLORADO)
) ss.
COUNTY OF Grapeland)

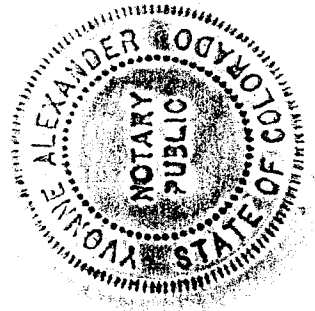
The foregoing instrument was acknowledged before me by Thomas R. Fagerquist as the Asst VP of CoBank, ACB on this 1st day of April, 2003.

WITNESS MY HAND AND OFFICIAL SEAL.

Grover Alexander
Notary Public

My commission expires:

02/22/04



**EXHIBIT A TO TRADEMARK
SECURITY AGREEMENT**

2. REGISTERED TRADEMARKS

a. United States

<u>MARK</u>	<u>REG. NUMBER</u>	<u>REG. DATE</u>
AN APPLE A DAY THE KNOUSE FOODS WAY (Stylized)	2,262,653	07/20/99
APPLE CITY (Stylized)	608,049	06/28/55
APPLE EXPERTS, THE	1,511,998	11/08/88
Apple Girl Design	2,089,022	08/19/97
APPLE-LAND (Stylized)	659,614	03/18/58
APPLE LEAF 05/20/86	1,394,281	
APPLE LEAF 08/12/97	2,087,451	
APPLE LEAF + Design	1,420,357	12/09/86
APPLE LEAF + Design	1,605,791	07/10/90
APPLE LEAF (Design Only) 12/09/86	1,420,358	
APPLE LEAF (Design Only) 11/20/90	1,623,841	
APPLE TIME (Stylized)	997,640	11/05/74
APPLE TIME 09/22/92	1,718,436	
APPLE TIME + Design	1,785,701	08/03/93
APPLE TIME + Design	1,811,626	12/14/93
Apple with Sunglasses Design	2,073,748	06/24/97
Awesome Apple	2,316,901	02/08/00

<u>MARK</u>	<u>REG. NUMBER</u>	<u>REG. DATE</u>
BC	641,841	02/19/57
BC BREAKFAST COCKTAIL + Design	641,840	02/19/57
BD	683,003	08/04/59
BN	671,297	12/16/58
BN BREAKFAST NECTAR + Design	678,584	05/12/59
BREAKFAST COCKTAIL	355,887	04/05/38
BREAKFAST DELIGHT	683,391	08/11/59
DUTCH TREAT (Stylized)	629,659	06/26/56
FRUIT 'N SAUCE	2,314,730	02/01/00
KNOUSE FOODS	2,311,571	01/25/00
LINCOLN	1,439,425	05/12/87
LINCOLN Stylized + Design 03/15/88	1,480,999	
LUCKY LEAF + Design	1,190,149	02/16/82
LUCKY LEAF	1,238,613	05/17/83
LUCKY LEAF + Design	1,294,716	09/11/84
LUCKY LEAF (Design Only)	1,444,309	06/23/87
MUSSELMAN'S	1,888,661	04/11/95
MUSSELMAN'S	1,938,524	11/28/95
MUSSELMAN'S	2,609,530	08/20/02
MUSSELMAN'S and Banner Design 08/20/02	2,609,819	
MUSSELMAN'S with Banner and Apple Design 08/20/02	2,609,820	

<u>MARK</u>	<u>REG. NUMBER</u>	<u>REG. DATE</u>
MUSSELMAN'S (Stylized) 03/01/49	507,122	
O-K Apple Design	2,073,749	06/24/97
PAK 'N' APPLE	1,414,380	10/21/86
PAK 'N' APPLE and Design 10/28/86	1,415,184	
PENN MAID	304,223	06/27/33
PIE TIME (Stylized) 08/09/55	610,482	
SAUCY FRUIT	1,475,172	02/02/88
SAUCY SNACK	1,516,547	12/31/88
SAUCY TREATS	1,522,779	01/31/89
SPEAS (Stylized)	919,877	09/07/71
SPEAS FARM	1,140,058	09/30/80
SPEAS TEAM	2,067,092	06/03/97
SPEAS TEAM APPROVED and Design	2,069,554	06/10/97
THORNDIKE 09/11/90	1,613,080	
THORNDIKE Stylized + Design	1,615,038	09/25/90
Thumbs Up Apple Design	2,071,662	06/17/97

PENDING TRADEMARK APPLICATIONS

a. United States

<u>MARK FILED</u>	<u>APPL. NUMBER</u>	<u>DATE APP.</u>
PAK 'N' APPLE	76/446,733	09/03/02