

11-19-2003

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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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): 11-17-03
INDUSTRIAS AVICOLAS DE PUERTO RICO, INC.

- 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: October 31, 2003

2. Name and address of receiving party(ies)

Name: BANK OF NOVA SCOTIA
Internal Address: PO BOX 366262
Address: SAN JUAN PR 00936-6262

Street Address: 273 PONCE DE LEON AVE., 4th FLOOR
City: SAN JUAN State: PR Zip: 00918

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other CANADIAN BANKING CORPORATION

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)

B. Trademark Registration No.(s) 1935015

Additional number(s) attached Yes No

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

Name: PAUL A. FERRER
Internal Address: PO BOX 70364
SAN JUAN PR 00936-8364

Street Address: 250 MUÑOZ RIVERA AVE.
14th FLOOR
City: HATO REY State: PR Zip: 00918

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____
(Attach duplicate copy of this page if paying by deposit account)

2003 NOV 17 PM 2:19
OPR/FINANCE

DO NOT USE THIS SPACE

9. 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.

Rafael Fonseca
Name of Person Signing

[Signature]
Signature

October 31, 2003
Date

Total number of pages including cover sheet, attachments, and document: 7

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

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TRADEMARK
REEL: 002865 FRAME: 0869

SECURITY AGREEMENT
OVER INTELLECTUAL PROPERTY

This agreement entered into in San Juan, Puerto Rico, as of October 31, 2003, by and between:

THE BANK OF NOVA SCOTIA, a Canadian banking institution hereinafter referred to as the "**Bank**"; and

INDUSTRIAS AVÍCOLAS DE PUERTO RICO, INC., a Puerto Rico corporation hereinafter referred to as "**IAPRI**".

WITNESSETH:

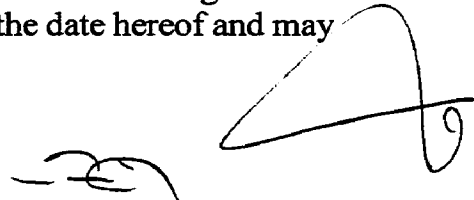
WHEREAS, the Bank and IAPRI are parties to a Second Restructured Credit Agreement dated the date hereof (the "**Credit Agreement**", as the same may be amended from time to time), which restates the terms of certain credit facilities granted by the Bank. All capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement.

WHEREAS, pursuant to the Credit Agreement, Borrower is required to execute and deliver to the Bank this Security Agreement.

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

FIRST: Constitution of Security Interest and Lien. IAPRI hereby constitutes a security interest and lien in favor of the Bank, realizeable upon the occurrence of an Event of Default as provided in paragraph SECOND below, over all rights, title and interest of IAPRI in and to the trademarks listed in Schedule A hereto, as well as all other trademarks (registered or unregistered, and including all modifications, renewals or extensions thereof), trademark applications, tradenames (registered or unregistered), tradename applications, service marks and logos, art work or design (whether in the form of advertising, letterhead, business cards, signs or any other form or context), trade secrets, including without limitation know-how, formulas, inventions, processes, techniques and other intellectual property, which relate to or are associated with the trademarks listed in Schedule A hereto, all together with the goodwill of the business associated with the use of, and symbolized by, such marks and names (all of the above collectively referred to as the "**Intellectual Property**").

SECOND: Secured Obligations. The aforestated security interest and lien is constituted as general collateral security for the performance of IAPRI's obligations under the Credit Agreement (the "**Obligations**"). This security interest and lien shall be in effect as of the date hereof and may



be realized upon by the Bank upon the occurrence of any of the following events (each referred to as an "Event of Default"):

- a) failure by IAPRI to comply with its obligations or representations hereunder, including without limitation, the covenants contained in paragraph Sixth hereof; and/or
- b) an Event of Default as defined in the Credit Agreement.

Until the occurrence of an Event of Default, IAPRI may continue to exercise all rights, powers and prerogatives it may have with respect to the Intellectual Property, except as otherwise provided in paragraph SIXTH hereof, and provided that the Bank may register the security interest granted hereunder through filing of appropriate documents with the Commercial Transactions Registry of the Commonwealth of Puerto Rico and/or the United States Patent and Trademark Office (hereinafter jointly referred to as the "UCC and Trademark Registries").

THIRD: Termination. Upon payment in full of the Obligations, all rights, title and interest of the Bank in and to the Intellectual Property shall automatically revert to IAPRI. The Bank shall, at IAPRI's expense, execute such instruments as may be necessary in order to acknowledge the termination of the security interest created herein.

FOURTH: Rights of the Bank. The Bank may grant extensions, take and accept additional or substitute collateral security, transfer its rights in the Intellectual Property and in any additional or substitute security, accept compositions or settlements, grant releases and discharges, and negotiate in any other form it deems advisable with IAPRI or any other parties in connection with the Intellectual Property or any additional guaranties or securities; it being understood that such actions can in no way jeopardize the Bank's rights as to the secured Obligations.

FIFTH: Representations and Warranties. IAPRI represents and warrants as follows:

a) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other person is required either for (i) the constitution of a security interest and lien over the Intellectual Property pursuant to this Agreement; (ii) the due execution, delivery or performance of this Agreement by IAPRI; or (iii) the exercise by the Bank of any of its rights and remedies under the Loan Documents, other than filing of this Agreement with the UCC and Trademark Registries.

b) IAPRI owns the Intellectual Property free and clear of any lien or other encumbrance except for the security interest created by this Agreement, and its use of the Intellectual Property does not conflict or interfere with the intellectual property rights of any other party. No one other than IAPRI is entitled, by license or otherwise, to use the Intellectual Property or any part thereof.

c) This Agreement creates a valid lien in favor of the Bank in the Intellectual Property as security for the Obligations.



d) The exercise by the Bank of its rights and remedies hereunder will not contravene any law or any contractual restriction binding on or affecting IAPRI or any of its properties.

SIXTH: Covenants of IAPRI. So long as any of the Obligations shall remain outstanding, unless the Bank shall otherwise consent in writing:

a) IAPRI, at its expense, at any time and from time to time, shall promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable or that the Bank may reasonably request in order (i) to perfect and protect the lien purported to be created hereby; (ii) to enable the Bank to exercise and enforce its rights and remedies hereunder; or (iii) to otherwise effect the purposes of this Agreement, including without limitation: (A) executing and filing with all appropriate governmental authorities any and all notices, certificates, statements and other documents required or desirable to properly record the security interest and lien contemplated hereunder; and (B) executing and delivering such other documents and taking all further action as may be necessary or desirable or that the Bank may reasonably request in order to perfect and preserve the lien purported to be created hereby or to enable the Bank to exercise and enforce its rights and remedies hereunder with respect to the Intellectual Property.

b) IAPRI, at its expense, shall promptly deliver to the Bank a copy of each notice or other communication received from any governmental authority relating to the Intellectual Property.

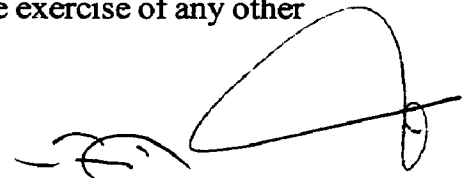
c) IAPRI shall maintain in force the registration of the Intellectual Property at the Trademark Registry(ies) where it is registered, by filing with such offices appropriate documentation requesting the renewal of such registrations, and in every other manner protecting such registration(s) from expiration, cancellation, or other deletion from the records of such offices. IAPRI shall not do any act which may result in the cancellation of said registration(s).

d) IAPRI shall not, without the Bank's prior written consent, sell, license, authorize the use of, grant a security interest in, or otherwise dispose of or encumber, or permit any such use, disposition or encumbrance with respect to, the Intellectual Property.

e) IAPRI shall take such actions as are appropriate to preserve and protect the value of the Intellectual Property, and to maintain the present level of quality of the products associated therewith. IAPRI shall not make or permit any change in its raw materials or manufacturing processes that materially and adversely affects the quality of said products without the prior written consent of the Bank.

SEVENTH: Failure to Perform. If IAPRI fails to perform any agreement contained herein, the Bank may itself perform, or cause performance of, such agreement or obligation, and the expenses incurred by the Bank in connection therewith shall be payable by IAPRI. The powers conferred on the Bank hereunder are solely to protect their security interest in the Intellectual Property and shall not impose any duty upon them to exercise any such powers.

EIGHTH: No waiver. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other



right. The rights and remedies of the Bank provided herein are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

NINTH: Indemnity. IAPRI agrees to indemnify the Bank from and against any and all claims, losses or liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent that such claims, losses or liabilities result from the Bank's gross negligence or willful misconduct. IAPRI upon demand shall pay to the Bank the amount of any and all reasonable costs and expenses, including the fees and disbursements of the Bank's counsel and of any experts and agents, which either Bank may incur in connection with (i) the administration of this Agreement; (ii) the exercise or enforcement of any of the rights of the Bank hereunder; and (iii) the failure by IAPRI to perform or observe any of the provisions hereof. Further, IAPRI shall pay all costs and expenses related with the recordation of the security interest created hereunder in the UCC and Trademark Registries and/or in any other jurisdiction where the Intellectual Property may from time to time be registered during the term of this Agreement.

TENTH: Enforcement of Rights upon Default. Upon a default in the Obligations, the Bank shall have all rights and remedies of a secured party under Chapter 9, Subchapter 5 of the Puerto Rico Commercial Transactions Act and any other applicable law, as the same may be in effect from time to time, including the right to cause the sale of the Intellectual Property. However, the Bank shall not be bound to foreclose or proceed against the Intellectual Property, or any additional or substitute Collateral Security, before collecting from IAPRI the Obligations. The Bank shall have the option to use any available remedies to collect the Obligations, without prejudice of later proceeding against all or any of the Intellectual Property or other Collateral Security.

ELEVENTH: Power of Attorney upon Foreclosure. IAPRI hereby appoints and constitutes each and every officer of the Bank who is duly authorized by corporate resolution to sign conveyances of real or personal property on behalf of the Bank, as its true and lawful attorney-in-fact (said appointment to be exercised only upon the transfer of the Intellectual Property), to execute on behalf of IAPRI, acting singly or jointly, all applications, assignments, certificates and any other document or instrument which may be necessary or appropriate for IAPRI or any of its officers to execute in order to assign and transfer IAPRI's interest and rights in the Intellectual Property to the acquiring party upon such transfer, and to record such assignment and sale in the Trademark Registry. This power of attorney is an essential consideration hereof and is coupled with an interest, and shall not be revocable by IAPRI for as long as this Agreement is in effect.

TWELFTH: Miscellaneous.

a) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be in effect to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any jurisdiction.

b) This Agreement shall be construed in accordance with the laws of Puerto Rico.

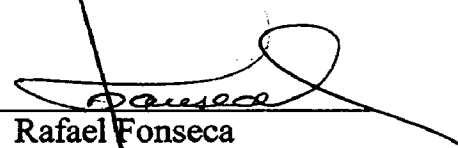


c) This Agreement shall create a continuing security interest in the Intellectual Property and shall (i) remain in full force and effect until the payment in full and performance of all Obligations, and (ii) be binding on IAPRI and its successors and assigns and shall inure, together with all rights and remedies of the Bank hereunder, to the benefit of the Bank and its successors, transferees and assigns. Without limiting the generality of clause (ii) of the immediately preceding sentence, the Bank may, to the extent permitted by the Credit Agreement, assign or otherwise transfer its rights hereunder to any other person or entity, and such other person or entity shall thereupon become vested with all of the benefits in respect thereof granted to the Bank herein or otherwise. None of the rights or obligations of IAPRI hereunder may be assigned or otherwise transferred without the prior written consent of the Bank.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

**INDUSTRIAS AVÍCOLAS
DE PUERTO RICO, INC.**

THE BANK OF NOVA SCOTIA

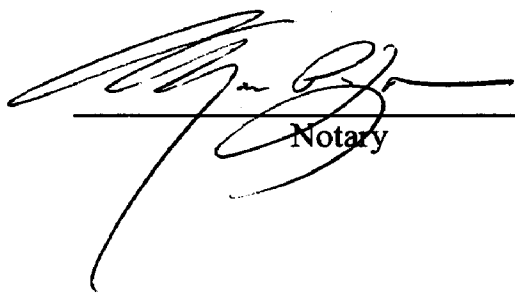
By: 
Rafael Fonseca

By: 
Timothy Charles Lorimer

Affidavit Number: 4022

Signed before me by Rafael Fonseca, of legal age, married, businessman and resident of Fairfax, Virginia, as President of Industrias Avícolas de Puerto Rico, Inc, and by Timothy Charles Lorimer, of legal age, married, banker and resident of San Juan, Puerto Rico, as authorized representative of The Bank of Nova Scotia, to me personally known, in San Juan, Puerto Rico, this 31st day of October, 2003.




Notary

**Schedule A
to Constitution of Security Interest
Over Intellectual Property**

Intellectual Property

Puerto Rico Trademark Registration

<u>Register Number</u>	<u>Registration Dates</u>	<u>Mark</u>
n/a	n/a	n/a

United States Trademark Registration

<u>Register Number</u>	<u>Registration Date</u>	<u>Mark</u>
1935015	11/14/95	Pollo Picú

