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Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

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): C & K Market, Inc. [] Individual(s) [] Association [] General Partnership [] Limited Partnership [X] Corporation-State Oregon [] Other Additional name(s) of conveying party(ies) attached? [] Yes [X] No

2. Name and address of receiving party(ies) Name: General Electric Capital Corporation, as agent Internal Address: Street Address: 401 Merritt Seven, Ste. 23 City: Norwalk State: CT Zip: 06856 [] Individual(s) citizenship [] Association [] General Partnership [] Limited Partnership [X] Corporation-State Delaware [] Other If assignee is not domiciled in the United States, a domestic representative designation is attached: [] Yes [X] No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? [] Yes [X] No

3. Nature of conveyance: [] Assignment [] Merger [X] Security Agreement [] Change of Name [] Other Execution Date: 09/26/1997

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) 1,934,040 Additional number(s) attached [] Yes [X] No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Barry Dubin, Esq. Internal Address: Cooper, White & Cooper LLP Street Address: 201 California Street, 17th Floor City: San Francisco State: CA Zip: 94111

6. Total number of applications and registrations involved: 1 7. Total fee (37 CFR 3.41) \$ 40.00 [X] Enclosed [] Authorized to be charged to deposit account 8. Deposit account number: OPR/FINANCE JAN 29 AM 7:56

DO NOT USE THIS SPACE

9. Signature. Cooper, White & Cooper LLP By: Liana C. Epperson Name of Person Signing Signature Date 1-23-04

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Total number of pages including cover sheet, attachments, and document: 21

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

TRADEMARK REEL: 002906 FRAME: 0131

BORROWER SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of September 26, 1997, made by C&K Market, Inc., an Oregon corporation, having its chief executive office at 615 Fifth Street, Brookings, Oregon 97415 ("Borrower"), in favor of **GENERAL ELECTRIC CAPITAL CORPORATION**, a New York corporation, having an office at 777 Long Ridge Road, Building A, 3rd Floor, Stamford, Connecticut 06927 as agent (in such capacity, "Agent") for the lenders ("Lenders") and together with Agent, "Secured Creditors", from time to time party to the Loan Agreement referred to below.

WITNESSETH:

WHEREAS, pursuant to and subject to the terms and conditions of that certain Loan Agreement dated as of September 26, 1997 by and between Borrower, Lender and Agent (as the same from time to time may be amended, restated, supplemented or otherwise modified, the "Loan Agreement"), Lenders have agreed, among other things, to extend credit to Borrower (except as otherwise defined herein, all other capitalized terms used in this Security Agreement shall have the respective meanings referred to in Section 1 hereof);

WHEREAS, Lenders are willing to extend credit as and to the extent provided for in the Loan Agreement, but only upon the condition, among others, that Borrower shall have executed and delivered this Security Agreement in favor of Agent for the benefit of Secured Creditors;

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

1. Defined Terms. Unless otherwise defined herein, all capitalized terms used herein have the respective meanings set forth or referred to in Annex A of the Loan Agreement.

2. Grant of Security Interest. (a) To secure the prompt and complete payment, performance and observance of all of the Obligations, and to induce Lenders to enter into the Loan Agreement and to make extensions of credit provided for therein in accordance with the terms thereof, Borrower hereby grants to Agent for the benefit of Secured Creditors, a security interest in all of Borrower's right, title and interest in, to and under the following, whether now owned by or owing to, or hereafter acquired by or arising in favor of Borrower (including, without limitation, under any trade names, styles or divisions thereof), and whether owned, leased or consigned by or to Borrower, and regardless of where located (all of which being hereinafter collectively referred to as the "Personal Property Collateral"):

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Contracts;
- (iv) all Documents;
- (v) all General Intangibles;
- (vi) all Instruments;
- (vii) all Inventory;
- (viii) all Equipment;
- (ix) all Intellectual Property;
- (x) all deposit and other bank accounts of Borrower and all deposits therein and investments made with the funds therein;
- (xi) all money, cash or Cash Equivalents of Borrower;
- (xii) all other Goods and interests in property of any kind, nature or description whatsoever, whether tangible or intangible, whether real or personal, and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; and
- (xiii) to the extent not otherwise included, all Proceeds of any of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.
- (xiv) In addition, to secure the prompt and complete payment, performance and observance of the Obligations and in order to induce Lenders as aforesaid, Borrower hereby grants to Agent for the benefit of Secured Creditors, a security interest in all property of Borrower held by Agent or any Lender including, without limitation, all property of every description now or hereafter in the possession or custody of, or in transit to Agent for the benefit of Secured Creditors for any purpose, including safekeeping, collection or pledge, for the account of Borrower, or as to which Borrower may have any right or power.

3. Rights of Secured Creditors, Limitations on Obligations of Secured Creditors.

(a) It is expressly agreed by Borrower that, anything herein to the contrary notwithstanding, Borrower shall remain liable under each of its Contracts and each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and Agent

and the other Secured Creditors shall have no obligation or liability under any Contract or License by reason of or arising out of this Security Agreement or the granting herein of a security interest therein or the receipt by Agent or any Secured Creditor of any payment relating to any Contract or License pursuant hereto, nor shall Agent or any Secured Creditor be required or obligated in any manner to perform or fulfill any of the obligations of Borrower under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Agent may at any time after the occurrence and during the continuation of any Event of Default and without prior notice to Borrower, notify Account Debtors, parties to the Contracts, and obligors in respect of Instruments that the Accounts and the right, title and interest of Borrower in and under such Contracts and Instruments have been assigned to Agent and that payments shall be made directly to Agent. Upon the request of Agent, Borrower shall so notify such Account Debtors, parties to Contracts, and obligors in respect of Instruments. Agent may at any time notify Account Debtors in respect of Chattel Paper that the right, title and interest of Borrower in and under such Chattel Paper have been assigned to Agent and that payments shall be made directly to Agent.

(c) Agent shall have the right from time to time to make test verifications of the Accounts (in the name of Borrower) and physical verifications and appraisals of the Inventory and other Personal Property Collateral in any manner and through any medium that it considers advisable, and Borrower agrees to furnish all such assistance and information as Agent may reasonably require in connection therewith. Agent may at any time in Agent's own name or in the name of Borrower communicate with Account Debtors, parties to Contracts and obligors in respect of Instruments to verify with such Persons, to Agent's reasonable satisfaction, the existence, amount and terms of any Accounts, Contracts, Instruments or Chattel Paper. Upon the occurrence and during the continuation of any Event of Default, Borrower, at its own expense, shall cause the certified independent public accountant then engaged by Borrower, to prepare and deliver to Agent at any time and from time to time promptly upon Agent's request the following reports: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Agent may request. Borrower, at its own expense, shall cause its certified independent public accountants to deliver to Agent the results of any physical verification of all or any portion of its Inventory made or observed by such accountants when and if such verification is conducted.

4. Representations and Warranties. Borrower hereby represents and warrants that:

(a) Borrower is the sole owner of each item of the Personal Property Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto free and clear of any and all Liens except (i) the security interest granted to Agent under this Security

Agreement and (ii) Permitted Encumbrances. Borrower will warrant and defend the Personal Property Collateral against all claims and demands of all persons at any time claiming the same or any interest thereon.

(b) No effective security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Personal Property Collateral is on file or of record in any public office, except (i) such as have been filed in favor of Agent pursuant to this Security Agreement or (ii) such as relate to Permitted Encumbrances.

(c) As a result of the filing of appropriate financing statements in the jurisdictions listed on Schedule I hereto, this Security Agreement is effective to create a valid and continuing Lien on and perfected security interest in favor of Agent in the Personal Property Collateral with respect to which a security interest may be perfected by filing pursuant to the Code, which lien and security interest is prior to all other Liens except those Liens specifically designated on Schedule 6.7 to the Loan Agreement as being prior to the Lien of this Security Agreement as a matter of law, and is enforceable as such as against creditors of and purchasers from Borrower (other than purchasers of Inventory in the ordinary course of business and except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws presently or hereafter in effect affecting the enforcement of creditors' rights generally and subject to general equity principles). All action (including, without limitation, all filings, registrations and recordings) necessary or desirable to create, protect and perfect the security interest granted to Agent hereby in respect of each item of the Personal Property Collateral has been duly accomplished.

(d) Schedule II hereto lists all Instruments of Borrower. All action necessary or desirable to protect and perfect the security interest of Agent granted hereby in each item set forth on Schedule II, including the delivery of all originals thereof to Agent, has been duly taken. The security interest of Agent in the Personal Property Collateral listed on Schedule II hereto is prior to all other Liens and is enforceable as such against creditors of and (except as provided by the Code) purchasers from Borrower.

(e) Borrower's chief executive office, principal place of business, corporate offices, all warehouses and premises within which Personal Property Collateral is stored or located, and the locations of all of its records concerning the Personal Property Collateral are set forth on Schedule I. Such Schedule I correctly identifies any of such facilities or locations that are not owned by Borrower and sets forth the names of the owners and lessors of collateral of, and the holders of any mortgages on, such facilities and locations. Borrower shall not change its chief executive office, principal place of business, corporate offices, or warehouses or Personal Property Collateral premises, or the location of its records concerning the Personal Property Collateral, without giving thirty (30) days prior written notice thereof to Agent and taking all actions reasonably deemed by Agent necessary or appropriate to protect and perfect Agent's interest in the Personal Property Collateral.

(f) (i) Each Account represents a bona fide sale of Inventory to customers in the ordinary course of Borrower's business completed in accordance with the terms and provisions

contained in the documents available to Agent with respect thereto and is not evidenced by either a Document, Instrument or Chattel Paper; (ii) the amounts shown on any aged receivable trial balance delivered by Borrower to Agent pursuant to the terms of this Security Agreement or the Loan Agreement and on Borrower's books and records and all invoices and statements which may be delivered to Agent with respect thereto are actually and absolutely owing to Borrower and are not in any way contingent; (iii) no payments have been or shall be made on any Account except payments pursuant to the terms of Annex B to the Loan Agreement; (iv) there are no setoffs, claims or disputes existing or, to the best of Borrower's knowledge, asserted with respect to any Account, and Borrower has not made any agreement with any Account Debtor for any deduction therefrom except a discount or allowance allowed by Borrower in the ordinary course of its business for prompt payment; (v) to the best of Borrower's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforcement of any Account or will likely reduce the amount payable thereunder as shown on the respective aged receivable trial balances, Borrower's books and records and all invoices and statements delivered to Agent with respect thereto; (vi) to the best of Borrower's knowledge, all Account Debtors have the capacity to contract; (vii) Borrower has received no notice of proceedings or actions which are threatened or pending against any Account Debtor which will likely result in any material adverse change in such Account Debtor's financial condition; and (viii) Borrower has no knowledge that any Account Debtor is unable generally to pay its debts as they become due.

(g) With respect to any Inventory, (i) such property is located at one of the locations set forth on Schedule I, (ii) Borrower has good, indefeasible and marketable title to such property and such property is not subject to any Lien whatsoever, except for the prior, first perfected security interest granted to Agent hereunder, (iii) such property is of good and merchantable quality, free from any defects, (iv) except as noted on Schedule 3.16 to the Loan Agreement, such property is not subject to any licensing, patent, royalty, trademark, tradename or copyright agreements with any third parties, and (v) the completion of manufacture, sale or other disposition of such property by Agent following a Default shall not require the consent of any person and shall not constitute a breach or default under any contract or agreement to which Borrower is a party or to which such property is subject.

5. Covenants. Borrower covenants and agrees with Secured Creditors that from and after the date of this Security Agreement and until the Termination Date:

(a) Further Assurances; Pledge of Instruments. At any time and from time to time, upon the written request of Agent and at the sole expense of Borrower, Borrower shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Agent may reasonably deem desirable to obtain the full benefits of this Security Agreement and of the rights and powers herein granted, including (i) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Agent of any new License or Contract entered into by Borrower after the date hereof or in which Borrower has any rights not heretofore assigned, (ii) filing any financing or continuation statements under the Code with respect to the liens and security interests granted hereunder or under any other Loan Document, (iii)

transferring Personal Property Collateral to Agent's possession (if such Personal Property Collateral consists of Documents, Instruments or Chattel Paper or if a security interest in such Personal Property Collateral can be perfected only by possession, or if requested by Agent) and (iv) using its best efforts to obtain waivers of liens from landlords and mortgagees. Borrower also hereby authorizes Agent to file any such financing or continuation statement without the signature of Borrower to the extent permitted by applicable law. If any amount payable under or in connection with any of the Personal Property Collateral is or shall become evidenced by any Instrument, such Instrument, other than checks and notes received in the ordinary course of business, shall be duly endorsed in a manner satisfactory to Agent immediately upon Borrower's receipt thereof.

(b) Maintenance of Records. Borrower shall keep and maintain, at its own cost and expense, satisfactory and complete records of the Personal Property Collateral, including a record of any and all payments received and any and all credits granted with respect to the Personal Property Collateral and all other dealings with the Personal Property Collateral. Borrower shall mark its books and records pertaining to the Personal Property Collateral to evidence this Security Agreement and the security interests granted hereby. All Chattel Paper shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of General Electric Capital Corporation as Agent for certain Secured Creditors." As further security, Borrower agrees that the Agent shall have a special property right and security interest in all of Borrower's books and records pertaining to the Personal Property Collateral and, upon the occurrence and during the continuation of a Default, Borrower shall deliver and turn over any such books and records to Lender or to its representatives at any time on demand of Agent. Prior to the occurrence of a Default and upon reasonable notice from Agent, Borrower shall permit any representative of Agent to inspect such books and records and shall provide photocopies thereof to Agent as more specifically set forth in Section 1.8 of the Loan Agreement.

(c) Continuous Perfection. Borrower shall not change its name, identity or corporate structure in any manner which might make any financing or continuation statement filed in connection herewith seriously misleading within the meaning of Section 9-402(7) of the Code or any other then applicable provision of the Code unless Borrower shall have given Agent at least thirty (30) days' prior written notice thereof and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary or reasonably requested by Agent to amend such financing statement or continuation statement so that it is not seriously misleading.

(d) Provisions Regarding Accounts.

(i) Borrower shall not re-date any invoice or sale or make sales on extended dating beyond that customary in Borrower's business or extend or modify any Account (other than corrections of errors in the ordinary course of business). If Borrower becomes aware of any matter materially affecting any Account, including information regarding the Account Debtor's creditworthiness, Borrower will promptly so advise Agent.

(ii) Borrower shall not release, in whole or in part, the obligations of any Person liable for payment in respect of any Account nor shall Borrower, without Agent's written consent, which consent shall not be unreasonably withheld or delayed, accept any note or other Instrument (except a check or other Instrument for the immediate payment of money) for an amount in excess of \$25,000, individually ~~or in the aggregate~~, with respect to any Accounts of one Account Debtor. Any such Instrument shall be considered as evidence of the Account or Accounts and not payment thereof, and Borrower will promptly deliver such Instrument to Lender appropriately endorsed in favor of the Agent. Regardless of the form of presentment, demand, notice of dishonor, protest, and notice of protest with respect thereto, the maker thereof will remain liable thereon until such Instrument is paid in full.

(iii) Borrower shall not grant any discount, credit or allowance to any Account Debtor without Agent's consent, which consent shall not be unreasonably withheld or delayed, except for discounts, credits and allowances made or given in the ordinary course of Borrower's business consistent with past practices.

(iv) Borrower shall not, without Agent's prior written consent, which consent shall not be unreasonably withheld or delayed, compromise, settle or adjust any Account (except as permitted under clause (iii) above) for less than the full amount thereof if the reduction in the amounts payable under any Accounts as a result of any such compromise, settlement or adjustment would exceed \$100,000 in the aggregate in any Fiscal Year.

(e) Provisions Regarding Inventory. Borrower agrees that all Inventory manufactured or processed by Borrower will be manufactured and processed in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations, and orders thereunder. Borrower will not, without Agent's written consent, which consent shall not be unreasonably withheld or delayed, sell any Inventory on a guaranteed sale, sale and return, sale on approval, consignment, or other repurchase or return basis.

(f) Provisions Regarding Equipment. Borrower represents and warrants to and agrees with Agent and Lenders that all of the Equipment is and will be used or held for use in Borrower's business. Borrower shall keep and maintain the Equipment in good operating condition and repair (ordinary wear and tear excepted) and shall make all reasonably necessary replacements thereof. Borrower shall promptly inform Lender of any material additions to or deletions from the Equipment. Borrower shall not permit any Equipment to become a fixture to real property or an accession to other personal property, unless Agent for the benefit of Secured Creditors has a valid, perfected, and first priority Lien in such real or personal property (or Borrower's leasehold interest therein). Borrower will not, without Agent's prior written consent, which consent shall not be unreasonably withheld or delayed, alter or remove any identifying symbol or number on the Equipment. Borrower shall not, without the prior written consent of Agent, which consent shall not be unreasonably withheld or delayed, sell, lease as a lessor, or otherwise dispose of any of the Equipment; provided, further, however, that, so long as no Event of Default has occurred and is continuing, Borrower may, without Agent's consent, dispose of obsolete or unusable Equipment

having an orderly liquidation value of no greater than \$50,000 in the aggregate in any Fiscal Year so long as Borrower shall apply all of the cash proceeds thereof in accordance with Section to the Loan Agreement.

(g) Provisions Regarding Trademarks.

(i) Borrower shall notify Agent immediately if it knows or has reason to know that any application or registration relating to any Trademark that is material to the conduct of Borrower's business may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding Borrower's ownership of any Trademark which is material to the conduct of Borrower's business, its right to register the same, or to keep and maintain the same.

(ii) In no event shall Borrower, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Trademark with the United States Patent or Trademark Office or any similar office or agency in any other country or any political subdivision thereof without giving Agent prior written notice thereof, and, upon reasonable request of Agent, Borrower shall execute and deliver any and all agreements, instruments, documents and papers as Lender may reasonably request to evidence Agent's security interest in such Trademark and the General Intangibles, including the goodwill, of Borrower relating thereto or represented thereby.

(iii) Borrower shall take all necessary actions to maintain and pursue each application, to obtain the relevant registration, and to maintain the registration of each of the Trademarks which is material to the conduct of Borrower's business, including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(iv) In the event that any of the Trademark is materially infringed upon, or misappropriated or diluted by a third party, Borrower shall notify Agent promptly after Borrower learns thereof and shall, unless Borrower shall reasonably determine that such Trademark is not material to the conduct of Borrower's business, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution (unless Borrower reasonably believes that it may be unsuccessful on the merits of such suit), and shall take such other actions as Borrower shall reasonably deem appropriate under the circumstances to protect such Trademark.

(h) Provisions Regarding Patents and Copyrights.

(i) Borrower agrees not to divest its material rights under a Patent or Copyright, without the prior written approval of Agent which approval shall not be unreasonably withheld or delayed, and will take all action necessary or advisable to maintain each Patent or Copyright.

(ii) Borrower agrees, promptly upon learning of the same, to furnish Agent in writing with all pertinent information available to Borrower with respect to any infringement or other violation of Borrower's rights in any material Patent or Copyright, or with respect to any claim that practice of any material Patent or Copyright violates any property right of that party. Borrower further agrees, absent direction of Agent to the contrary, to prosecute any person infringing any material Patent or Copyright.

(i) Provisions Regarding Contracts Relating to Real Estate.

With respect to all contracts related to Real Estate, Borrower represents, warrants and covenants to and with Agent that:

(a) Borrower shall not make any changes in or amendments to any of the Contracts without the prior written consent of Agent, which consent shall not be unreasonably withheld; provided, however, that, notwithstanding the foregoing, Agent's consent shall not be required with respect to changes in or amendments to any Contract (i) which does not relate to the overall management or operation of the Real Estate, (ii) which is terminable without cause and without payment of any penalty or termination fee on 30 days' notice, and (iii) under which the Contracting Party does not have any right, by reason of applicable law or otherwise, to assert a lien against the Real Estate which is superior to the lien of the Mortgage;

(b) Borrower shall not tender or accept a surrender or cancellation of any of the General Intangibles without the prior written consent of Agent where such surrender or cancellation would materially or adversely affect the Real Estate or Agent's interest therein or Agent's security or where such surrender or cancellation would violate the terms of any Loan Document;

(c) Borrower shall promptly provide to Agent copies of all changes in or amendments to the Contract whether or not Agent's consent thereto is required pursuant to clause (a) above and Borrower shall promptly notify Agent in writing of any surrender or cancellation of a Contract whether or not Agent's consent thereto is required pursuant to clause (b) above;

(d) except as otherwise expressly permitted by the terms of the Mortgage, Borrower has not assigned or granted and will not assign or grant a security interest in any of the General Intangibles to anyone other than Agent on behalf of Secured Parties;

(e) Borrower's interest in the General Intangibles is not subject to any claim, setoff, lien, deduction or encumbrance of any nature (other than the encumbrance created hereby, the encumbrance created by the Mortgage and those subordinate encumbrances, if any, created in connection with any junior encumbrances on the Real Estate expressly permitted by the terms of the Mortgage);

(f) Borrower has full power and authority to make this Assignment;

(g) Borrower shall make all required payments and otherwise perform its obligations under the General Intangibles; and

(h) Borrower shall give immediate notice to Agent of any notice of default served upon Borrower with respect to its obligations under any of the General Intangibles and, at the sole cost and expense of Borrower, shall enforce or secure the performance of each and every material obligation of the Contracting Parties to be kept or performed under the Contracts.

6. Agent's Appointment as Attorney-in-Fact. (a) Borrower hereby irrevocably constitutes and appoints Agent and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby grants to Agent the power and right, on behalf of Borrower, without notice to or assent by Borrower, and at any time, continue any insurance existing pursuant to the terms of the Loan Documents, and pay all or any part of the premiums therefor and the costs thereof.

(b) Borrower hereby irrevocably constitutes and appoints Agent and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby grants to Agent the power and right, on behalf of Borrower, without notice to or assent by Borrower, upon the occurrence and during the continuation of an Event of Default, to do the following:

(i) in the name of Borrower, in its own name or otherwise, take possession of, endorse and receive payment of any checks, drafts, notes, acceptances, or other Instruments for the payment of monies due under any Personal Property Collateral;

(ii) receive payment of any and all monies, claims, and other amounts due or to become due at any time arising out of or in respect of any Personal Property Collateral;

(iii) ask, demand, collect, receive and give acquittances and receipts for any and all money due or to become due under any Personal Property Collateral;

(iv) pay or discharge taxes, liens, security interest, or other encumbrances levied or placed on or threatened against the Personal Property Collateral;

(v) effect any repairs or obtain any insurance called for by the terms of the

Loan Agreement and pay all or any part of the premiums therefor and costs thereof;

(vi) direct any party liable for any payment under or in respect of any of the Personal Property Collateral to make payment of any and all monies due or to become due thereunder, directly to Agent or as Agent shall direct;

(vii) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, and notices in connection with accounts and other documents constituting, or related to, the Personal Property Collateral;

(viii) settle, compromise or adjust any suit, action, or proceeding described above and, in connection therewith, give such discharges or releases as Agent may deem appropriate;

(ix) file any claim or take or commence any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Agent for the purpose of collecting any and all such monies due under any Personal Property Collateral whenever payable;

(x) commence and prosecute any suits, actions or proceedings at law or equity in any court of competent jurisdiction to collect the Personal Property Collateral or any part thereof and to enforce any other right in respect of any Personal Property Collateral;

(xi) defend any suit, action or proceeding brought against Borrower with respect to any Personal Property Collateral, but only if Borrower does not defend such suit, action or proceeding or if Agent reasonably believes that Borrower is not pursuing such defense in a manner that will maximize the recovery with respect to such Personal Property Collateral;

(xii) license or, to the extent permitted by an applicable license, sublicense, whether general, specific or otherwise, and whether on an exclusive or non-exclusive basis, any Patent or Trademark throughout the world for such terms or on such conditions and in such manner as Agent shall, in its sole discretion, determine; and

(xiii) sell, transfer, pledge, make any agreement with respect to, or otherwise deal with any of the Personal Property Collateral as fully and completely as though Agent were the absolute owner thereof for all purposes, and to do, at Agent's option and Borrower's expense, at any time, or from time to time, all acts and things which Agent reasonably deems necessary to perfect, preserve, or realize upon the Personal Property Collateral and Agent's Lien therein in order to effect the intent of this Security Agreement, all as fully and effectively as Borrower might do.

(c) Borrower hereby ratifies, to the extent permitted by law, all that said attorneys shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this Section 6 is a power coupled with an interest and shall be irrevocable until the Termination Date.

(d) The powers conferred on Agent hereunder are solely to protect Agent's security interests in the Personal Property Collateral and shall not impose any duty upon it to exercise any such powers. Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and none of its officers, directors, employees, agents or representatives shall be responsible to Borrower for any act or failure to act, except for their own gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(e) Borrower also authorizes Agent, at any time and from time to time, to (i) communicate in its own name with any party to any Contract with regard to the assignment of the right, title and interest of Borrower in and under the Contracts and other matters relating thereto and (ii) execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Personal Property Collateral.

7. Performance by Agent of Borrower's Obligations. If Borrower fails to perform or comply with any of its agreements contained herein or in any other Loan Documents, and Agent, as provided for by the terms of this Security Agreement or any other Loan Documents, shall itself perform or comply, or otherwise cause performance of or compliance, with such agreement, the reasonable expenses, including reasonable attorneys' fees, of Agent incurred in connection with such performance or compliance, together with interest thereon at the Default Rate, shall be payable by Borrower to Agent on demand and shall constitute part of the Obligations secured hereby.

8. Remedies, Rights Upon Default. (a) If any Event of Default shall occur and be continuing, Agent may exercise, in addition to all other rights and remedies granted to it under this Security Agreement, the Loan Agreement, the other Loan Documents and under any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, Borrower expressly agrees that in any such event Agent without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale or as required by law) to or upon Borrower or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code and other applicable law), may forthwith enter upon the premises of Borrower where any Personal Property Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving Borrower notice and opportunity for a hearing on Agent's claim or action, and without paying rent to Borrower, and collect, receive, assemble, process, appropriate and realize upon the Personal Property Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Personal Property Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange at such prices as it may deem commercially best, for cash or on credit or for future delivery without assumption of any credit risk. Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase for its benefit the whole or any part of said Personal Property Collateral so sold, free of any right or equity of redemption, which equity of redemption Borrower hereby releases. Such sales

may be adjourned or continued from time to time with or without notice. Agent shall have the right to conduct such sales on Borrower's premises or elsewhere and shall have the right to use Borrower's premises without charge for such sales for such time or times as Agent deems necessary or advisable.

Borrower further agrees, at Agent's request, to assemble the Personal Property Collateral and make it available to Agent at places which Agent shall reasonably select, whether at Borrower's premises or elsewhere. Until Agent is able to effect a sale, lease, or other disposition of the Personal Property Collateral, Agent shall have the right to use or operate the Personal Property Collateral on behalf of Agent, or any part thereof, to the extent that it deems appropriate for the purpose of preserving the Personal Property Collateral or its value or for any other purpose deemed appropriate by Agent. Agent shall have no obligation to Borrower to maintain or preserve the rights of Borrower as against third parties with respect to the Personal Property Collateral while the Personal Property Collateral is in the possession of Agent. Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of the Personal Property Collateral and to enforce any of Agent's remedies with respect to such appointment without prior notice or hearing. Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, as provided in Section 8(d) hereof, Borrower remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Agent of any other amount required by any provision of law, including section 9-504(1)(c) of the Code (but only after Agent has received what Agent considers reasonable proof of a subordinate party's security interest), need Agent account for the surplus, if any, to Borrower. To the maximum extent permitted by applicable law, Borrower waives all claims, damages, and demands against Agent or any Secured Creditor arising out of the repossession, retention or sale of the Personal Property Collateral except such which may arise out of the gross negligence or willful misconduct of such party. Borrower agrees that five (5) days' prior notice by Agent of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Personal Property Collateral are insufficient to pay all amounts to which Agent is entitled from Borrower. Borrower shall also be liable for any attorneys' fees incurred by Agent to collect such deficiency.

With respect to Contracts relating to Real Estate: (i) Borrower further agrees that Agent may give notice to any or all of the Contracting Parties, either requiring the Contracting Party to continue performance under its Contract or, alternatively, terminating the Contract; (ii) this Assignment shall constitute a direction to and full authority to the Contracting Parties under the Contracts to act at Agent's written direction and otherwise perform on Agent's behalf under the Contracts, without proof of the event of default relied upon; (iii) the Contracting Parties shall be entitled to rely upon written notice from Agent that Agent has assumed all of the rights and obligations of Borrower under the applicable Contract without any inquiry into whether Borrower is in default hereunder or under any of the other Loan Documents; (iv) such assumption of a Contract by Agent shall be evidenced by written notice from Agent to the applicable Contracting Party; and (v) under no circumstances shall Agent be deemed by any party to have assumed Borrower's rights and obligations under a Contract unless and until such written notice is delivered to the Contracting

Party in accordance with the foregoing provision.

Also with respect to Contracts involving Real Estate: (i) Agent shall have the right at any time, but shall have no obligation, to take in its name or in the name of Borrower, or otherwise, such action as Agent may at any time or from time to time determine to be reasonably necessary to cure any default under the General Intangibles or to protect the rights of Borrower or Agent thereunder; (ii) Lender shall incur no liability to Borrower if any action taken by Lender or in Agent's behalf in good faith pursuant to this Assignment shall prove to be in whole or in part inadequate or invalid; and (iii) Borrower hereby protects, defends, indemnifies and holds Agent and each Secured Creditor and its affiliated entities, free and harmless from and against any and all loss, cost, liability or expense (including, but not limited to, attorneys' fees and accountants' fees) to which Agent and each Secured Creditor may be exposed, or that Agent and each Secured Creditor may incur, in exercising any of its rights under this Assignment, unless caused by the intentional misconduct or gross negligence of Agent or any Secured Creditor.

(b) Borrower agrees to pay any and all costs of Agent and each Secured Creditor, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

(c) Except as otherwise specifically provided herein, Borrower hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Personal Property Collateral.

(d) The Proceeds of any sale, disposition or other realization upon all or any part of the Personal Property Collateral shall be distributed by Agent upon receipt, in the following order of priorities:

First, to the payment in full of reasonable expenses of Agent in connection with such sale, disposition or other realization, including all expenses, liabilities and advances incurred or made by Agent in connection therewith, including reasonable attorney's fees;

Second, to the payment of accrued but unpaid interest on the Obligations;

Third, to the payment of unpaid principal of the Obligations;

Fourth, to the payment of all other Obligations until all other Obligations shall have been paid in full; and

Finally, to payment to Borrower, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

9. Grant of License to Use Patent and Trademark Personal Property Collateral.

For the purpose of enabling Agent to exercise rights and remedies under Section 8 hereof (including,

without limiting the terms of Section 8 hereof, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Personal Property Collateral) at such time as Agent shall be lawfully entitled to exercise such rights and remedies, Borrower hereby grants to Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Borrower) to use, transfer, license or sublicense any Patent, Trademark, Copyrights or trade secret now owned or hereafter acquired by Borrower, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof.

10. Limitation on Agent's Duty in Respect of Personal Property Collateral. Agent shall use reasonable care with respect to the Personal Property Collateral in its possession or under its control. Agent shall not have any other duty as to any Personal Property Collateral in its possession or control or in the possession or control of any agent or nominee of Agent, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Upon request of Borrower, Agent shall account for any monies received by Agent in respect of any foreclosure on or disposition of the Personal Property Collateral.

11. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Borrower for liquidation or reorganization, should Borrower become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Borrower's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

12. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever either of the parties desires to give or serve upon any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner as provided for in Section 12.10 of the Loan Agreement.

13. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. This Security Agreement is to be read, construed and applied together with the Loan Agreement and the other Loan Documents, which, taken together, sets forth

the complete understanding and agreement of Secured Creditors and Borrower with respect to the matters referred to herein and therein.

14. No Waiver, Cumulative Remedies. Agent shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Lender and then only to the extent therein set forth. A waiver by Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Agent would otherwise have had on any future occasion. No failure to exercise, nor any delay in exercising on the part of Agent, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Agent and Borrower and to the extent required by the Loan Agreement, the Required Lenders.

15. Limitation by Law. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all of the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

16. Successor and Assigns. This Security Agreement and all obligations of Borrower hereunder shall be binding upon the successors and assigns of Borrower, and shall, together with the rights and remedies of Agent hereunder, inure to the benefit of Agent, Secured Creditors, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner affect the security interest granted to Agent hereunder. Borrower may not assign, sell or otherwise transfer an interest in this Security Agreement.

17. Borrower's Use of Patents, Copyrights and Trademarks. Notwithstanding anything to the contrary contained herein, unless an Event of Default has occurred and is continuing, Agent shall from time to time execute and deliver, upon the written request of Borrower, any and all instruments, certificates or other documents, in the form so requested, necessary or appropriate in the judgment of Borrower to permit Borrower to continue to exploit, license, use, enjoy and protect the Patents, Copyrights and Trademarks.

18. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS,


IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. BORROWER HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN BORROWER AND SECURED CREDITORS PERTAINING TO THIS SECURITY AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT, THE LOAN AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, PROVIDED, THAT AGENT AND BORROWER ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF SAN FRANCISCO, CALIFORNIA AND, PROVIDED, FURTHER, THAT NOTHING IN THIS SECURITY AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE ANY SECURED CREDITOR FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE PERSONAL PROPERTY COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF AGENT. BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND BORROWER HEREBY WAIVES ANY OBJECTION WHICH BORROWER MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS, AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINTS AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH ON SECTION 12.10 OF THE LOAN AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF BORROWER'S ACTUAL RECEIPT THEREOF OR THREE (3) BUSINESS DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID.

19. BORROWER HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT, ANY OF THE LOAN DOCUMENTS, ANY DEALINGS BETWEEN BORROWER, AGENT AND ANY SECURED CREDITOR RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN BORROWER, AGENT AND ANY SECURED CREDITOR. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court (including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and

statutory claims). THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. In the event of litigation, this Security Agreement may be filed as a written consent to a trial by the court.


IN WITNESS WHEREOF, Borrower has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

C&K Market, Inc.

By: 
Name: Douglas A. Nidiffie
Title: President / CEO

ACCEPTED AS OF SEPTEMBER 26, 1997:

GENERAL ELECTRIC CAPITAL CORPORATION,
as Agent

By: 
Name: JOHN E. HANLEY
Title: Senior Credit Analyst

SCHEDULE I TO SECURITY AGREEMENT

**SCHEDULE OF OFFICES, LOCATIONS
OF COLLATERAL AND RECORDS CONCERNING COLLATERAL**

I. Chief Executive Office and principal place of business of Borrower:

615 5th Street
Brookings, OR 97415

II. Corporate Offices of Borrower:

615 5th Street
Brookings, OR 97415

III. Owned Warehouses and Collateral Locations:

See Schedule 3.6 to Loan Agreement
dated September 26, 1997

IV. Leased Warehouses and Collateral Locations:

See Schedule 3.6 to Loan Agreement
dated September 26, 1997

V. Other Premises at which Collateral is Stored or Located:

See Schedule 3.6 to Loan Agreement
dated September 26, 1997

VI. Locations of Records Concerning Collateral:

615 5th Street
Brookings, OR 97415

SCHEDULE II TO SECURITY AGREEMENT

SCHEDULE OF INSTRUMENTS

Note receivable secured by real property in Cottonwood, California from Three Seasons Development Corporation, a California corporation, amount remaining owed as of 9/30/97 being \$126,000.00.

219924-1 / 9/30/97

RECORDED: 01/29/2004

**TRADEMARK
REEL: 002906 FRAME: 0151**