

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT																														
NATURE OF CONVEYANCE:	Security Interest Non-recordation of document 700173417A missing execution date																														
CONVEYING PARTY DATA																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 30%;">Name</th> <th style="width: 30%;">Formerly</th> <th style="width: 20%;">Execution Date</th> <th style="width: 20%;">Entity Type</th> </tr> <tr> <td>Milton's Baking Company, LLC</td> <td></td> <td>04/08/2005</td> <td>limited liability company: DELAWARE</td> </tr> </table>	Name	Formerly	Execution Date	Entity Type	Milton's Baking Company, LLC		04/08/2005	limited liability company: DELAWARE																							
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Milton's Baking Company, LLC		04/08/2005	limited liability company: DELAWARE																												
RECEIVING PARTY DATA																															
Name:	American Capital Financial Services, Inc.																														
Street Address:	2 Bethesda Metro Center																														
Internal Address:	14th Floor																														
City:	Bethesda																														
State/Country:	MARYLAND																														
Postal Code:	20814																														
Entity Type:	CORPORATION: DELAWARE																														
PROPERTY NUMBERS Total: 9																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 20%;">Property Type</th> <th style="width: 20%;">Number</th> <th style="width: 60%;">Word Mark</th> </tr> <tr> <td>Registration Number:</td> <td>2674543</td> <td>MILTON'S HEALTHY MULTI-GRAIN BREAD</td> </tr> <tr> <td>Registration Number:</td> <td>2634992</td> <td>MILTON'S QUALITY BAKED GOODS</td> </tr> <tr> <td>Registration Number:</td> <td>2674544</td> <td>THE ORIGINAL MILTON'S QUALITY FOOD PRODUCTS</td> </tr> <tr> <td>Registration Number:</td> <td>2634991</td> <td>MILTON'S DELICATESSEN RESTAURANT</td> </tr> <tr> <td>Registration Number:</td> <td>2230060</td> <td>MILTON'S BAKING COMPANY</td> </tr> <tr> <td>Registration Number:</td> <td>2264032</td> <td>MILTON'S DELICATESSEN GRILL BAKERY</td> </tr> <tr> <td>Serial Number:</td> <td>76628671</td> <td>RESTAURANT CLASSICS BY MILTON'S QUALITY FOOD PRODUCTS</td> </tr> <tr> <td>Serial Number:</td> <td>76622265</td> <td>MILTON'S RESTAURANT CLASSICS</td> </tr> <tr> <td>Serial Number:</td> <td>76215769</td> <td>THE ORIGINAL MILTON'S QUALITY BAKED GOODS BREADSIDE STORIES</td> </tr> </table>	Property Type	Number	Word Mark	Registration Number:	2674543	MILTON'S HEALTHY MULTI-GRAIN BREAD	Registration Number:	2634992	MILTON'S QUALITY BAKED GOODS	Registration Number:	2674544	THE ORIGINAL MILTON'S QUALITY FOOD PRODUCTS	Registration Number:	2634991	MILTON'S DELICATESSEN RESTAURANT	Registration Number:	2230060	MILTON'S BAKING COMPANY	Registration Number:	2264032	MILTON'S DELICATESSEN GRILL BAKERY	Serial Number:	76628671	RESTAURANT CLASSICS BY MILTON'S QUALITY FOOD PRODUCTS	Serial Number:	76622265	MILTON'S RESTAURANT CLASSICS	Serial Number:	76215769	THE ORIGINAL MILTON'S QUALITY BAKED GOODS BREADSIDE STORIES	
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CORRESPONDENCE DATA																															

CH \$240.00 2674543

Fax Number: (214)758-1550

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

Phone: 2147581500

Email: estafford@pattonboggs.com

Correspondent Name: Darren W. Collins

Address Line 1: 2001 Ross Avenue

Address Line 2: Suite 3000; Patton Boggs, LLP

Address Line 4: Dallas, TEXAS 75201

NAME OF SUBMITTER:	Darren W. Collins
Signature:	/Darren W. Collins/
Date:	07/20/2005

Total Attachments: 28

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04/22/2005
700173417

Form PTO-1594 (Rev. 03/05)

OMB Collection 0651-0027 (exp. 6/30/2005)

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

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Milton's Baking Company, LLC

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation- State: _____
☐ Other _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? ☐ Yes ☒ No

3. Nature of conveyance /Execution Date(s):

Execution Date(s) _____

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? ☐ Yes ☒ No

Name: American Capital Financial Services, Inc.

Internal

Address: _____

Street Address: 2 Bethesda Metro Center, 14th Floor

City: Bethesda

State: MD

Country: USA Zip: 20814

- ☐ Association Citizenship _____
☐ General Partnership Citizenship _____
☐ Limited Partnership Citizenship _____
☒ Corporation Citizenship Delaware
☐ Other _____ Citizenship _____

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)

4. Application number(s) or registration number(s) and Identification or description of the Trademark.

A. Trademark Application No.(s)
78/310,779 and 78/380,095

B. Trademark Registration No.(s)
See Attached

Additional sheet(s) attached? ☒ Yes ☐ No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):
5. Name & address of party to whom correspondence concerning document should be mailed:

Name: Darren W. Collins

Internal Address: Patton Boggs LLP
Suite 3000

Street Address: 2001 Ross Avenue

City: Dallas

State: TX Zip: 75201

Phone Number: 214-768-3552

Fax Number: 214-758-1550

Email Address: dcollins@pattonboggs.com

6. Total number of applications and registrations involved:

10

7. Total fee (37 CFR 2.6(p)(8) & 3.41) \$ 240.00

- ☐ Authorized to be charged by credit card
☒ Authorized to be charged to deposit account
☐ Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number 50-2816

Authorized User Name Darren W. Collins

9. Signature:

Signature
Darren Collins

Name of Person Signing

Date
April 21, 2008

Total number of pages including cover sheet, attachments, and document: 26

Documents to be recorded (including cover sheet) should be faxed to (703) 506-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1480, Alexandria, VA 22313-1480

TRADEMARK

REEL: 003124 FRAME: 0724

<u>Trademark</u> or <u>Service Mark</u>	<u>Registrations</u> United States Patent and Trademark Office	
	<u>Registration No.</u>	<u>Registration Date</u>
Milton's Healthy Multi-Grain Bread (and design)	2,674,543	January 14, 2003
Milton's Quality Baked Goods (and design)	2,634,992	October 15, 2002
The Original Milton's Quality Food Products (and design)	2,674,544	January 14, 2003
Milton's Delicatessen Restaurant (and design)	2,634,991	October 15, 2002
Milton's Baking Company (and design)	2,230,060	March 9, 1999
Milton's Delicatessen Grill Bakery (and design)	2,264,032	July 27, 1999

<u>Trademark</u> or <u>Service Mark</u>	<u>Pending Applications</u> United States Patent and Trademark Office	
	<u>Serial No.</u>	<u>Filing Date</u>
Restaurant Classics by Milton's Quality Food Products	76-628,671	January 20, 2005
Milton's Restaurant Classics (and design)	76-622,265	November 26, 2004
The Original Milton's Quality Baked Goods Breadside Stories (and design)	76-215,769	February 23, 2001

EXECUTION COPY

THIS INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AND INTERCREDITOR AGREEMENT (AS THE SAME MAY BE AMENDED OR OTHERWISE MODIFIED FROM TIME TO TIME PURSUANT TO THE TERMS THEREOF, THE "SUBORDINATION AGREEMENT") DATED AS OF APRIL 8, 2005 BY AND AMONG AMERICAN CAPITAL FINANCIAL SERVICES, INC., A DELAWARE CORPORATION, AS AGENT, AND NEWSTAR CP FUNDING LLC, TO THE INDEBTEDNESS (INCLUDING INTEREST) OWED BY MILTON'S BAKING COMPANY, LLC PURSUANT TO THAT CERTAIN REVOLVING CREDIT AND TERM LOAN AGREEMENT DATED AS OF APRIL 8, 2005 AMONG THE COMPANIES, AGENT AND THE LENDERS FROM TIME TO TIME PARTY THERETO, AS SUCH REVOLVING CREDIT AND TERM LOAN AGREEMENT MAY BE AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME AS PERMITTED UNDER THE SUBORDINATION AGREEMENT AND TO INDEBTEDNESS REFINANCING THE INDEBTEDNESS UNDER THAT AGREEMENT AS PERMITTED BY THE SUBORDINATION AGREEMENT; AND EACH HOLDER OF THIS INSTRUMENT, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.

PATENT AND TRADEMARK SECURITY AGREEMENT

MILTON'S BAKING COMPANY, LLC

MILTON'S BAKING COMPANY, LLC (the "Company"), a Delaware limited liability company having its principal place of business and chief executive offices at 3702 Via De LaValle, Suite 202, Del Mar, California 92014, hereby grants, assigns, transfers and conveys to AMERICAN CAPITAL FINANCIAL SERVICES, INC., a Delaware corporation, as administrative and collateral agent for the Purchasers signatory to the Purchase Agreement (as hereinafter defined) (in such capacities, the "Agent"), with an office at 2 Bethesda Metro Center, 14th Floor, Bethesda, MD 20814, and the Purchasers under (and as defined in) the Purchase Agreement (as hereinafter defined), as collateral security for the payment and performance in full of the Company's obligations under a Note Purchase Agreement of even date herewith (as amended, modified and supplemented from time to time, the "Purchase Agreement"), between the Company, Milton's Fine Foods, Inc., a Delaware corporation, the Purchasers signatory thereto and the Agent (the Agent, together with its successors and assigns, acting for the benefit of the Purchasers, being herein sometimes called the "Secured Party"), and the payment and performance of all other Obligations under (and as defined in) the Purchase Agreement, a continuing security interest in and lien on all Patents (as hereinafter defined) and all Trademarks (as hereinafter defined) subject to the terms of the Intercreditor Agreement.

In addition, subject to the terms of the Intercreditor Agreement, with respect to the Trademarks, the Company has executed in blank and delivered to the Agent an assignment of federally registered trademarks in substantially the form of Exhibit 1 hereto (the "Assignment of Marks"), and, with respect to the Patents, the Company has executed in blank and delivered to the Agent an assignment of patents, patent applications and related patent property in

substantially the form of Exhibit 2 hereto (the "Assignment of Patents"). The Company hereby authorizes the Agent to complete as assignee, sign and record with the U.S. Patent and Trademark Office either or both of the Assignment of Marks and the Assignment of Patents only upon the occurrence and during the continuance of an Event of Default and the proper exercise of the Agent's remedies, subject to the terms of the Intercreditor Agreement, under this Patent and Trademark Security Agreement and under the Purchase Agreement and the Security Agreement. In addition to, and not by way of limitation of, the foregoing grant of rights to complete and record assignments of the Trademarks and Patents, the Company grants, assigns, transfers, conveys and sets over to the Agent the Company's entire right, title and interest in and to the Trademarks and the Patents; provided that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) after the occurrence and during the continuance of an Event of Default and (b) either (i) upon the written demand of the Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Agent) upon an Event of Default for which acceleration of the any amounts outstanding under the Purchase Agreement is automatic under the Purchase Agreement or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Purchase Agreement or the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Company to the Agent or its nominee in lieu of foreclosure).

Capitalized terms used but not defined herein shall have the respective meanings assigned thereto in the Purchase Agreement.

The following terms, as used herein, have the meanings set forth below:

"Patents" means collectively all of the following now owned or hereafter created or acquired by the Company: (a) all patents, patent applications and Patent Licenses (as defined below), including, without limitation, those listed on Schedule A hereto, which issue or have issued in any country or jurisdiction upon any patent applications which correspond with any of such patents or patent applications; (b) all letters patent of the United States, and all applications for letters patent of the United States; (c) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing which issue or have issued in any country or jurisdiction; (d) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (e) the right to sue for past, present and future infringements of any of the foregoing; (f) all rights corresponding to any of the foregoing throughout the world; and (g) all goodwill associated with any of the foregoing.

"Patent License" means any oral or written agreement now or hereafter in existence granting to the Company any right to use any invention on which a patent or patent application is in existence, all as may be amended, supplemented or otherwise modified from time to time, including, without limitation, those listed on Schedule A hereto.

"Trademarks" means collectively all of the following now owned or hereafter created or acquired by the Company: (a) all trademarks, Trademark Licenses (as defined below), trade names, corporate names, company names, business names, fictitious business names, trade

styles, trade dress, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof in the United States or any state in the United States, and all applications in connection therewith, including, without limitation, those listed on Schedule B hereto, whether or not any of the foregoing is registered or the subject of an application for registration under federal law, state law or otherwise; (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing.

"Trademark License" means any oral or written agreement now or hereafter in existence granting to the Company any right to use any trademark or trademark application, all as may be amended, supplemented or otherwise modified from time to time, including, without limitation, those listed on Schedule B hereto.

The Company represents and warrants to and agrees with the Secured Party as follows:

1. The Company is the sole owner in the United States and all other applicable jurisdictions of the entire right, title and interest in and to each of the Patents and Trademarks (or in the case of Patent Licenses or Trademark Licenses, the license rights granted therein), free from any mortgage, pledge, lien, security interest, charge, adverse claim or other encumbrance including, without limitation, licenses, shop rights (with regard to the Patents) and covenants not to sue, except the security interest herein granted and as otherwise permitted by the Purchase Agreement. As of the date of this Agreement, no written claim has been made against the Company that the use of any of the Patents or Trademarks does or may violate the rights of any third person and, to the best of the Company's knowledge, there is no infringement by the Company of the patent or trademark rights of others. The Company shall have the duty to promptly notify the Secured Party of any such claim or infringement and the details thereof.
2. As of the date hereof, each of the Patents listed on Schedule A is enforceable, and to the Company's knowledge, valid, each of the Trademarks listed on Schedule B is valid and enforceable, and, together, they constitute all patents, patent applications, trademarks and service marks now owned or used by the Company. As of the date hereof, the Patents and Trademarks listed on Schedules A and B, respectively, constitute all of the trademarks, service marks, trade names, patents and patent applications that are reasonably necessary for the operation of the business of the Company.
3. As of the date hereof, the Patents and Trademarks are subsisting and have not been adjudged invalid or unenforceable, in whole or in part.
4. The execution, delivery and performance of this Agreement are within the power of the Company and have been duly authorized by all necessary limited liability company action and do not contravene any law, rule, regulation or any judgment, decree or order of any tribunal or of any agreement to which the Company is a party or by which any of its property is bound.

5. The Company shall (i) prosecute diligently any patent applications of the Patents and trademark registration applications of the Trademarks pending as of the date of this Agreement or thereafter and (ii) preserve and maintain all rights in the Patents and Trademarks, except, in each case, if the Company determines in its reasonable discretion that such Patent or Trademark is no longer material or useful to its business or operations. Any expenses incurred in connection with such applications and actions shall be borne by the Company. The Company shall not abandon any filed patent application or trademark registration, or abandon any pending patent application or any trademark registration without the consent of the Secured Party, which consent shall not be unreasonably withheld, except, in each case, if the Company determines in its reasonable discretion that such patent application or trademark registration is no longer material or useful to its business or operations.

6. Except for Patents and Trademarks which the Company determines in its reasonable discretion are no longer material or useful to its business or operations, the Company shall take all reasonably necessary steps to defend the Patents and Trademarks against all claims and demands of all persons at any time claiming the same or any interests in and to the Patents and Trademarks adverse to the Secured Party. Until the Obligations shall have been satisfied in full, the Company shall not pledge, mortgage or create or suffer to exist a security interest in, or enter into any exclusive license or exclusive sublicense relating to, the Patents and Trademarks, without the Secured Party's prior consent, except for the security interests granted hereby and liens permitted under the Purchase Agreement. For the avoidance of doubt, the foregoing obligations shall not prevent the Company from non-exclusively licensing any of the Patents or Trademarks in the ordinary course of business and consistent with the requirements of the Business (as defined in the Purchase Agreement), provided that the Company provides Secured Party with notice of any such license.

7. The Company shall, at its sole expense, promptly apply for and obtain all renewals or extensions of the Patents and Trademarks to the full extent permitted by law except to the extent, in the Company's reasonable discretion, exercised in good faith, such renewal or extension is not reasonable, prudent or beneficial to the Company or its operations or with respect to any Patent and/or Trademark the Company determines in its reasonable discretion are no longer material or useful to its business or operations. If, before all Obligations have been satisfied in full, the Company shall obtain ownership of or other rights to any new patentable inventions, or become entitled to the benefit of any patent application, patent for any reissue, or of any patent improvement, or if the Company obtains ownership of or other rights to or develops any new trademark or service mark, the Company shall give the Secured Party prompt written notice of all such patents, trademarks, service marks, extensions and renewals, and the provisions of this Agreement shall automatically apply to such ownership of or other rights in or to the foregoing. The Company authorizes the Secured Party to modify this Agreement, without the necessity of the Company's further approval or signature, solely by amending Schedule A and Schedule B to include any such new patents, any divisions, continuations, renewals, extensions, continuations-in-part on any patent, and any new trademark, service mark or renewal thereof of the Company applied for and obtained hereafter or any such other rights in any of the foregoing.

8. The Company shall promptly notify the Secured Party of the institution of, and any adverse determination in, any proceeding in the United States Patent and Trademark Office

or any other foreign or domestic governmental agency, court or body, regarding the Company's claim of ownership in any of the Patents and Trademarks which could reasonably be expected to have a Material Adverse Effect on the Company. In the event of any material infringement by a third party of any of the Patents or Trademarks, the Company shall promptly notify the Secured Party of such infringement and shall take such actions as the Company reasonably determines are necessary to address such infringement and to protect the business of the Company, which actions may include obtaining the cessation of such infringement and recovering all damages resulting therefrom; provided that after the occurrence and during the continuance of an Event of Default, the Company shall take such action as the Secured Party deems reasonably necessary. If the Company shall fail to take such action within two (2) months after such notice is given to the Secured Party, the Secured Party may upon notice to the Company, but shall not be required to, itself take such action in the name of the Company, and the Company hereby appoints the Secured Party the true and lawful attorney of the Company, for it and in its name, place and stead, on behalf of the Company, solely to commence judicial proceedings in any court or before any other tribunal to enjoin and recover damages for such infringement, any such damages due to the Company, net of costs and attorneys' fees reasonably incurred, to be applied to the Obligations.

9. The Company shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, deeds, assurances, and instruments, in each case in form and substance reasonably satisfactory to the Secured Party, for the purpose of the creation, validity, or perfection of the security interests and assignments provided for in this Agreement under 35 U.S.C. Section 261, 15 U.S.C. Section 1051 *et seq.*, the Uniform Commercial Code or other laws of the United States or the State of Maryland or of any other countries or states as the Secured Party may from time to time reasonably request, and shall take all such other action as the Secured Party may reasonably require to more completely vest in and assure to the Secured Party its rights hereunder or in any of the Patents or Trademarks, and the Company hereby irrevocably authorizes the Secured Party or its designee, at the Company's expense, to execute such documents, and file such financing statements with respect thereto with or without the Company's signature, as the Secured Party may deem appropriate; provided that the Secured Party shall deliver to the Company copies of all such financing statements and shall terminate at the Secured Party's expense all such filings made in error. In the event that any rerecording or refile (or the filing of any statement of continuation or assignment of any financing statement) or any repledge or reassignment, or any other action, is required at any time to protect and preserve such security interest and assignments, the Company shall, at its sole cost and expense, cause the same to be done or taken at such time and in such manner as may be reasonably necessary and as may be reasonably requested by the Secured Party.

Subject to the terms of the Intercreditor Agreement, the Secured Party is hereby irrevocably appointed by the Company as its lawful attorney and agent, with full power of substitution, to execute, deliver, record and file on behalf of and in the name of the Company such financing statements, assignments, pledges and other documents and agreements, and to take such other action as the Secured Party may deem necessary for the purpose of perfecting, protecting or effecting the security interests and assignments granted herein and effected hereby, and any liens necessary to implement or effectuate the same, under any applicable law, and the

Secured Party is hereby authorized to file on behalf of and in the name of the Company at the Company's sole expense, such financing statements, assignments, pledges, documents, and agreements in any appropriate governmental office, provided that the Secured Party shall deliver to the Company copies of all such financing statements. After the occurrence and during the continuance of an Event of Default, the Secured Party may include reference to the Company, the Patents and the Trademarks (and may utilize any logo or other distinctive symbol associated with the Company) in connection with any advertising, promotion, marketing or sale undertaken by the Secured Party.

In fulfilling its responsibility for the prosecution, defense, enforcement or any other necessary actions in connection with the Patents and Trademarks, the Company shall hold the Secured Party harmless from any and all costs, damages, liabilities and expenses that may be incurred by the Secured Party (other than as a result of gross negligence or willful misconduct of the Secured Party) in connection with the Secured Party's interest in the Patents and Trademarks or any other action or failure to act in connection with this Agreement or the transactions contemplated hereby. Notwithstanding anything contained in this Section 9, no assignment, transfer or other conveyance of rights granted by or on behalf of the Company in or to the Patents and Trademarks, other than the granting of the security interest in the Patents and Trademarks as provided herein, shall be effective prior to the occurrence of an Event of Default.

10. Subject to the terms of the Intercreditor Agreement, if any Event of Default shall have occurred and be continuing, the Secured Party may without notice or demand declare this Agreement to be in default and the Secured Party shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to dispose of the Patents and Trademarks at public or private sale. The Secured Party shall give to the Company at least ten (10) days' prior written notice (which the Company agrees is "reasonable notification" under the Uniform Commercial Code) of the time and place of any public sale of the Patents and Trademarks or of the time after which any private sale or any other intended disposition is to be made.

Subject to the terms of the Intercreditor Agreement, only if an Event of Default shall have occurred and be continuing, the Company hereby grants to the Secured Party the right and exclusive license to make, have made, use and sell the inventions and marks disclosed and claimed in the Patents and the Trademarks for the benefit and account of the Secured Party after such Event of Default occurs and is continuing.

To the extent permitted by applicable law, the Company hereby waives any and all rights that it may have to judicial hearing in advance of the enforcement of any of the Secured Party's rights hereunder, including, without limitation, its rights following any Event of Default to take immediate possession of the Patents and Trademarks and exercise its rights with respect thereto.

The Secured Party shall not be required to marshal any present or future security for (including, but not limited to, this Agreement and the Patents and Trademarks subject to a security interest hereunder), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of the rights hereunder and in respect of

such security and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights under this Agreement or any other instrument evidencing any of the Obligations or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may the Company hereby irrevocably waives the benefits of all such laws.

11. Except for notices specifically provided for herein, the Company hereby expressly waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect both to the Obligations and any collateral therefor, the Company assents to any extension or postponement of the time of payment or any other indulgence, to any substitution of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party shall not have any duty as to the protection of the Patents or Trademarks or any income thereon, nor as to the preservation or rights against prior parties, nor as to the preservation of any rights pertaining thereto. The Secured Party may exercise its rights with respect to the Patents and Trademarks without resorting or regard to other collateral or sources of reimbursement for liability. The Secured Party shall not be deemed to have waived any of its rights upon or under the Obligations or the Patents and Trademarks unless such waiver be in writing and signed by the Secured Party in accordance with the terms of the Purchase Agreement. No delay or omission on the part of the Secured Party in exercising any right shall operate as a waiver of any right on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Patents or Trademarks, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly or concurrently.

12. The Company will pay any and all (i) reasonable charges and costs and all taxes incurred in implementing or subsequently amending this Agreement, including, without limitation, recording and filing fees, appraisal fees, stamp taxes, and reasonable fees and disbursements of the Secured Party's counsel incurred by the Secured Party, in connection with this Agreement, and (ii) fees and disbursements reasonably incurred by the Secured Party in the preparation, execution and delivery of any waiver or consent by the Secured Party relating to this Agreement, and in the enforcement of this Agreement and in the enforcement or foreclosure of any liens, security interests or other rights of the Secured Party under this Agreement, or under any other documentation heretofore, now, or hereafter given to the Secured Party in furtherance of the transactions contemplated hereby. In addition, after the occurrence and during the continuation of an Event of Default, the Company will also pay all reasonable costs and expenses of the Secured Party in connection with the enforcement of this Agreement and with the enforcement or foreclosure of any liens, security interests or other rights under this Agreement, or under any other documentation heretofore, now, or hereafter given to the Secured Party in furtherance of the transactions contemplated hereby.

13. The Company agrees to reimburse the Secured Party for, and indemnify it against, any and all losses, expenses and liabilities (including liabilities for penalties) of whatever kind or nature sustained and reasonably incurred (other than as a result of the gross negligence or willful misconduct of the Secured Party) in connection with any claim, demand, suit or legal or arbitration proceeding relating to this Agreement, or the exercise of any rights or powers hereunder, including reasonable attorneys' fees and disbursements. The Company and the Secured Party may from time to time agree in writing to the release of certain of the Patents and Trademarks from the security interest created hereby, and, in the case of Patents or Trademarks the Company proposes to abandon, the Secured Party agrees that, prior to an Event of Default, it will release its security interest in any Patent or Trademark the Company proposes to abandon so long as such Patent or Trademark is no longer used by the Company and is not material to the operations of the Company, provided that after the occurrence and during the continuance of an Event of Default, the Secured Party's consent will be required prior to any such release and abandonment.

14. The Company shall hold the Secured Party harmless from any and all costs, damages and expenses which may be incurred by the Secured Party or the Company in connection with any action or failure to act by the Secured Party in connection with this Agreement, except those arising from the gross negligence or willful misconduct of the Secured Party.

15. Any and all rights and interests of the Secured Party in and to the Patents and Trademarks (and any and all obligations of the Company with respect to the same) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Secured Party (and the obligations of the Company) in, to or with respect to the Collateral provided in or arising under or in connection with the Security Agreement and the Purchase Agreement and shall not be in derogation thereof.

16. THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS HEREUNDER, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE UNITED STATES, AND, TO THE EXTENT THAT THE LAWS OF THE UNITED STATES ARE NOT APPLICABLE, BY AND WITH THE LAWS OF THE STATE OF MARYLAND (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS). THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT. The parties hereto agree that any suit for the enforcement of this Agreement may be brought in the courts of the State of Maryland or the United States of America for the District of Maryland, and consent to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the parties by mail at the addresses specified in the Purchase Agreement. The parties hereby waive any objection that they may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

17. All notices hereunder shall be in writing and shall be given as provided in the Purchase Agreement.

18. When all Obligations have been paid in full in cash, this Agreement shall terminate, and the Secured Party shall, promptly upon request and at the Company's sole expense, take such actions and execute all such documentation necessary to release its security interest hereunder.

19. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated except by a written instrument expressly referring to this Agreement and to the provisions so modified or limited, and executed by all the parties hereto.

20. This Agreement and all obligations of the Company shall be binding upon the successors and assigns of the Company, and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall be in no way affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The parties hereto acknowledge receipt of a copy of this Agreement. Terms used herein without definition which are defined in the Uniform Commercial Code of Maryland have such defined meanings herein, unless the context otherwise indicates or requires.

21. THE COMPANY AND THE SECURED PARTY MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THIS AGREEMENT AND MAKE THE LOANS. Except as prohibited by law, each party hereto waives any right which it may have to claim or recover in any litigation referred to in the first sentence of this Section 21 any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Each party hereto (i) certifies that no party hereto, nor any representative, agent or attorney of any party hereto has represented, expressly or otherwise, that the such party would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that, in entering into the Purchase Agreement and the other Loan Documents, the parties are relying upon, among other things, the waivers and certifications in this Section 21.

(Signatures on next page)

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the date first written above.

MILTON'S BAKING COMPANY, LLC

By: Milton's Fine Foods, Inc.,
Its Manager

By: _____
Ron Danenberg
Chief Executive Officer

Accepted and Agreed:

AMERICAN CAPITAL FINANCIAL SERVICES, INC.

By: _____
Name: Jan Larkin
Title: Principal

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the date first written above.

MILTON'S BAKING COMPANY, LLC

By: Milton's Fine Foods, Inc.,
its Manager

By:


Ron Danenberg
Chief Executive Officer

Accepted and Agreed:

AMERICAN CAPITAL FINANCIAL SERVICES, INC.

By: _____
Name: _____
Title: _____

STATE OF New York)
) ss.
COUNTY OF Westchester)

Then personally appeared the above-named Ron Denenberg, who being duly sworn stated that (s)he is the Chief Executive Officer of Milton's Baking Co. Inc. and acknowledged the foregoing instrument to be the free act and deed of Milton's Baking Company, LLC before me, this 8 day of April, 2005.



Notary Public

My commission expires: Feb. 19, 2006

TAKEHIRO FUJIMURA
Notary Public, State of New York
No. 02FUS070122
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires Feb. 19, 2006

SCHEDULE A

TO

PATENT AND TRADEMARK SECURITY AGREEMENT

PATENTS

None.

<u>Patent</u>	<u>Owner</u>	<u>Status in PTO</u>	<u>Federal Registration Number</u>	<u>Registration Date</u>

PATENT APPLICATIONS

None.

PATENT LICENSES

None.

SCHEDULE B

TO

PATENT AND TRADEMARK SECURITY AGREEMENT

TRADEMARKS

<u>Trademark or Service Mark</u>	<u>Registrations</u> United States Patent and Trademark Office	
	<u>Registration No.</u>	<u>Registration Date</u>
Milton's Healthy Multi-Grain Bread (and design)	2,674,543	January 14, 2003
Milton's Quality Baked Goods (and design)	2,634,992	October 15, 2002
The Original Milton's Quality Food Products (and design)	2,674,544	January 14, 2003
Milton's Delicatessen Restaurant (and design)	2,634,991	October 15, 2002
Milton's Baking Company (and design)	2,230,060	March 9, 1999
Milton's Delicatessen Grill Bakery (and design)	2,264,032	July 27, 1999

TRADEMARK APPLICATIONS

<u>Trademark or Service Mark</u>	<u>Pending Applications</u> United States Patent and Trademark Office	
	<u>Serial No.</u>	<u>Filing Date</u>
Restaurant Classics by Milton's Quality Food Products	76-628,671	January 20, 2005
Milton's Restaurant Classics (and design)	76-622,265	November 26, 2004
The Original Milton's Quality Baked Goods Breadside Stories (and design)	76-215,769	February 23, 2001

TRADEMARK LICENSES

None.

CORPORATE NAMES

Milton's Baking Company, LLC

EXHIBIT 1ASSIGNMENT OF TRADEMARKS AND SERVICE MARKS (U.S.)

WHEREAS, Milton's Baking Company, LLC, a limited liability company organized and existing under the laws of the State of Delaware, having a principal place of business and its chief executive offices at _____, Del Mar, California 92014 (the "Assignor"), has adopted and used and is using the trademarks and service marks (the "Marks") identified on the Annex hereto, and is the owner of the registrations of and pending registration applications for such Marks in the United States Patent and Trademark Office identified on such Annex; and

WHEREAS, _____, a _____ having a place of business at _____ (the "Assignee"), is desirous of acquiring the Marks and the registrations thereof and registration applications therefor;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby, subject to the terms and conditions of the Patent and Trademark Security Agreement dated as of April 8, 2005, between Assignor and American Capital Financial Services, Inc. (the "Security Agreement"), assign, sell and transfer unto the Assignee all right, title and interest in and to the Marks, together with (a) the registrations of and registration applications for the Marks, (b) the goodwill of the business symbolized by and associated with the Marks and the registrations thereof, and (c) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Marks or the registrations thereof or such associated goodwill.

This Assignment of Trademarks and Service Marks (U.S.) is intended to and shall take effect as a sealed instrument at such time as the Assignee shall complete this instrument by inserting its name in the second paragraph above and signing its acceptance of this Assignment of Trademarks and Service Marks (U.S.) below; provided that such completion and signing is in compliance with the terms and conditions of the Security Agreement.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, as an instrument under seal, on this 15th day of April, 2005

MILTON'S BAKING COMPANY, LLC

By: Milton's Fine Foods, Inc.,
Its Manager

By: 
Ron Danenberg
Chief Executive Officer

The foregoing assignment of the Marks and the registrations thereof and registration applications therefor by the Assignor to the Assignee is hereby accepted as of the ____ day of _____, 20__.

By: _____
Name: _____
Title: _____

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.

On this the 15th day of APRIL, 2005, before me appeared RON DANENBERG, the person who signed this instrument, who acknowledged that (s)he is the CHIEF EXECUTIVE OFFICER of Milton's Baking Company, LLC and that being duly authorized (s)he signed such instrument as a free act on behalf of Milton's Baking Company, LLC.

MICHAEL SCIORTINO
Notary Public, State of New York
No. 01SC8031371
Qualified in Nassau County
Commission Expires August 1, 2006

Michael Sciortino
Notary Public
My commission expires: 8/1/06

ANNEXTRADEMARKS

<u>Trademark or Service Mark</u>	<u>Registrations</u>	
	<u>United States Patent and Trademark Office Registration No.</u>	<u>Registration Date</u>
Milton's Healthy Multi-Grain Bread (and design)	2,674,543	January 14, 2003
Milton's Quality Baked Goods (and design)	2,634,992	October 15, 2002
The Original Milton's Quality Food Products (and design)	2,674,544	January 14, 2003
Milton's Delicatessen Restaurant (and design)	2,634,991	October 15, 2002
Milton's Baking Company (and design)	2,230,060	March 9, 1999
Milton's Delicatessen Grill Bakery (and design)	2,264,032	July 27, 1999

TRADEMARK APPLICATIONS

<u>Trademark or Service Mark</u>	<u>Pending Applications</u>	
	<u>United States Patent and Trademark Office Serial No.</u>	<u>Filing Date</u>
Restaurant Classics by Milton's Quality Food Products	76-628,671	January 20, 2005
Milton's Restaurant Classics (and design)	76-622,265	November 24, 2004
The Original Milton's Quality Baked Goods Breadside Stories (and design)	76-215,769	February 23, 2001

TRADEMARK LICENSES

None.

CORPORATE NAMES

Milton's Baking Company, LLC

EXHIBIT 2ASSIGNMENT OF PATENTS

WHEREAS, Milton's Baking Company, LLC, a limited liability company organized and existing under the laws of the State of Delaware, having a principal place of business and its chief executive offices at _____, Del Mar, California 92014 (the "Assignor"), owns the patents, patent applications and related patent property (the "Patents") identified on the Annex hereto; and

WHEREAS, _____, a _____ having a place of business at _____ (the "Assignee"), is desirous of acquiring the Patents;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby, subject to the terms and conditions of that certain Patent and Trademark Security Agreement dated as of April 8, 2005, between Assignor and American Capital Financial Services, Inc. (the "Security Agreement"), assign, sell and transfer unto the Assignee all right, title and interest in and to the Patents and to any and all continuations, continuations in-part, divisions, patents of addition, renewals, extensions, foreign counterparts, utility models, reexaminations and reissues of any of said Patents for the full term thereof, this assignment including the Assignor's entire right to bring suit and recover damages for past infringement of any of said Patents and to assert any claim, action or cause of action that may have arisen prior to the date of this assignment or thereafter under any of said Patents.

This Assignment of Patents is intended to and shall take effect as a sealed instrument at such time as the Assignee shall complete this instrument by inserting its name in the second paragraph above and signing its acceptance of this Assignment of Patents below; provided that such completion and signing is in compliance with the terms and conditions of the Security Agreement.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, as an instrument under seal, on this 15TH day of April, 2005.

MILTON'S BAKING COMPANY, LLC

By: Milton's Fine Foods, Inc.,
Its Manager

By: 
Ron Danenberg
Chief Executive Officer

The foregoing assignment of the Patents by the Assignor to the Assignee is hereby accepted as of the ____ day of _____, 20__.

By: _____
Name:
Title:

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.

On this the 15TH day of APRIL, 2005 before me appeared RON DANENBERG, the person who signed this instrument, who acknowledged that (s)he is the CHIEF EXECUTIVE OFFICER of Milton's Baking Company, LLC and that being duly authorized (s)he signed such instrument as a free act on behalf of Milton's Baking Company, LLC.

MICHAEL SCIORTINO
Notary Public, State of New York
No. 01SC5031371
Qualified in Nassau County
Commission Expires August 1, 2006

Michael Sciortino
Notary Public
My commission expires: 8/1/06

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ANNEX

Patent

Registrations
United States Patent and Trademark Office
Patent No.

Patent

Applications
United States Patent and Trademark Office
Patent Application No.

Patent and Trademark Commission Agreement

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