

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
MUSCO OLIVE PRODUCTS, INC.		10/25/2007	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA	
Name:	BANK OF THE WEST
Street Address:	601 "J" STREET
Internal Address:	ATTN: CASEY GARTEN, VICE PRESIDENT
City:	SACRAMENTO
State/Country:	CALIFORNIA
Postal Code:	95814
Entity Type:	CALIFORNIA BANKING ASSOCIATION:

PROPERTY NUMBERS Total: 14

Property Type	Number	Word Mark
Registration Number:	2795737	BURGUNDY PEARLS
Registration Number:	2845732	FUN AT YOUR FINGERTIPS
Registration Number:	2628167	BELIEVE IN OLIVE FINGERS
Registration Number:	2708661	MUSCO FAMILY OLIVE CO.
Registration Number:	2651705	MEDITERRANEAN PEARLS
Registration Number:	2670040	PEARLS
Registration Number:	2656978	GREEN PEARLS
Registration Number:	2216167	
Registration Number:	2086183	AXIS
Registration Number:	1887996	JUST RIPE
Registration Number:	1808568	BLACK PEARLS
Registration Number:	1558255	DELI OLIVES
Registration Number:	874806	MUSCO

CH \$365.00 2795737

Registration Number:

834856

FRANCISCAN

CORRESPONDENCE DATA

Fax Number: (213)226-4028

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

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Address Line 4: LOS ANGELES, CALIFORNIA 90017-5406

ATTORNEY DOCKET NUMBER:

079979-0000468

NAME OF SUBMITTER:

BRIAN S. STERN

Signature:

/Brian S. Stern/

Date:

10/30/2007

Total Attachments: 17

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SECURITY AGREEMENT

This Security Agreement (this "*Agreement*") is made as of October 25, 2007 by MUSCO OLIVE PRODUCTS, INC., a California corporation (the "*Grantor*"), with an office of 17950 Via Nicolo, Tracy, CA 95376, in favor of BANK OF THE WEST (the "*Lender*").

Recitals

A. The Grantor and the Lender have entered into a Credit Agreement dated as of October 25, 2007 (said Credit Agreement, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, herein called the "*Credit Agreement*"). Terms defined in the Credit Agreement and not otherwise defined herein have the same respective meanings when used herein, and the rules of interpretation set forth in Sections 1.2 and 1.3 of the Credit Agreement are incorporated herein by reference. Terms defined in the California Uniform Commercial Code (the "*Code*") and not otherwise defined herein or in the Credit Agreement are used herein as defined in the Code.

B. It is a condition precedent to the making of the Term Loan by the Lender that the Grantor grant the security interest contemplated by this Agreement. Accordingly, the Grantor agrees as set forth below.

Section 1. Grant of Security Interest. The Grantor hereby assigns and pledges to the Lender, and hereby grants to the Lender a security interest in, all of the Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired, whether now or hereafter existing and wherever located (the "*Collateral*"):

(a) Personal Property:

(i) All equipment of the Grantor, now owned or hereafter acquired, including, without limitation, all machinery, tools, dies, blueprints, catalogues, computer hardware and software, furniture, furnishings and fixtures (all such equipment herein called the "*Equipment*");

(ii) All documents of the Grantor, now owned or hereafter acquired;

(iii) All now existing or hereafter acquired general intangibles of every nature, all permits, regulatory approvals, copyrights, patents, trademarks, service marks, trade names, mask works, good will, licenses, and all other intellectual property owned by the Grantor or used in the Grantor's business;

(iv) All securities, now owned or hereafter acquired, including, without limitation, all now existing and hereafter outstanding capital stock of any and all subsidiaries, direct or indirect, of the Grantor, including, without limitation, the capital stock of Musco de Mexico, S. de R.L. de C.V. and Sadrym California, Inc., and all new substituted and additional documents, instruments, and general intangibles issued with respect thereto (collectively and severally, the "*Pledged Shares*") and all now existing and hereafter arising rights of the holder of the Pledged Shares, including, without limitation, all voting and rights to and interest in all cash and noncash dividends and all other property now or hereafter

distributable on account of or receivable with respect to any of the foregoing; provided, however, that the Pledged Shares shall not include (i) more than 66 2/3% of the issued and outstanding voting capital stock of any subsidiary organized under the laws of any jurisdiction other than the United States or any state thereof directly held by the Grantor (or such greater amount of such capital stock as shall not cause the Grantor to incur adverse tax consequences under Section 956 of the Internal Revenue Code of 1986, as amended from time to time);

(v) All now existing and hereafter acquired books and records relating to the foregoing Collateral and all equipment containing such books and records (including, without limitation, computer data and storage media); and

(vi) All products and all proceeds of the foregoing collateral, including rights of the Grantor to the payment of money, to the extent such rights arise from the sale or other disposition of any collateral described herein.

The term "proceeds" includes whatever is receivable or received when Collateral or proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all right to payment, including return premiums, with respect to any insurance relating thereto.

Notwithstanding the foregoing, the Collateral shall not include (i) "Accounts" within the meaning of Section 9-102(2) of the Code, (ii) "Inventory" within the meaning of Section 9-102(48) of the Code, (iii) proceeds of Accounts and Inventory, including proceeds maintained in any deposit account; or (iv) licenses to the extent that the Grantor is the licensee and the license prohibits the Grantor from granting a security interest in its rights thereunder, unless such licensor has consented to such security interest in writing.

(b) "Trademark Collateral":

(i) All now existing or hereafter created or acquired, trademarks, service marks, unregistered marks, logos, indicia, tradenames, tradestyles, other business identifiers and rights and works protectible by trademark whether now owned or hereafter, and, except to the extent prohibited by the terms thereof, all agreements in respect of Trademarks owned by third parties;

(ii) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(iii) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell the inventions disclosed and claimed by any of the foregoing;

(iv) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation;

(v) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing;

(vi) All now existing and hereafter arising goodwill symbolized by or associated with any of the foregoing;

(vii) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Lender for past, present and future infringements of any of the foregoing; and

(viii) All products and proceeds of any of the foregoing.

The foregoing notwithstanding, the Trademark Collateral shall not include accounts arising from the sale or other disposition of inventory bearing any of the Trademarks or any such inventory.

“Trademarks” means all right, title, and interest of the Grantor in and to all of its trademarks, United States trademarks and trademark registrations, and the trademark applications and tradenames.

(c) “Patent Collateral”:

(i) All now existing or hereafter created or acquired, patents, letters patents, inventions, patent applications and rights and works protectible by patent, and, except to the extent prohibited by the terms thereof or by law, all agreements in respect of Patents owned by third parties;

(ii) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(iii) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell the inventions disclosed and claimed by any of the foregoing;

(iv) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign patent law or regulation;

(v) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing;

(vi) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing;

(vii) All now existing and hereafter arising specifications as to and quality control manuals used in connection with the operations utilizing any of the foregoing;

(viii) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Lender for past, present and future infringements of any of the foregoing; and

(ix) All products and proceeds of any of the foregoing.

The foregoing notwithstanding, the Patent Collateral shall not include accounts arising from the sale or other disposition of inventory made using any of the patents or any such inventory.

“Patents” means all right, title, and interest of the Grantor in and to all of its patents, United States patents and patent registrations, and the patent applications.

Section 2. Security for Obligations. The security interest granted by the Grantor pursuant to this Agreement secures the payment of all obligations of the Grantor now or hereafter existing under the Credit Agreement and each other document executed in connection with the Credit Agreement (the “*Loan Documents*”), whether for principal, interest, fees, expenses, indemnification or otherwise, and all obligations of the Grantor now or hereafter existing under this Agreement (all of the aforementioned obligations of the Grantor herein called the “*Secured Obligations*”).

Section 3. Grantor Remains Liable. Notwithstanding anything herein to the contrary, (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lender of any of its rights hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) the Lender shall not (i) have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or (ii) be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Delivery of Certificates and Instruments. All certificates and instruments, if any, representing or evidencing investment property included in the Collateral shall be delivered to and held by or on behalf of the Lender pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Lender. The Lender shall have the right, at any time after the occurrence and during the continuation of any Event of Default, in its discretion and without notice to the Grantor, to transfer to or register in the name of the Lender or any of its nominees any or all investment property included in the Collateral. In addition, the Lender shall have the right, at any time after the occurrence and during the continuation of any Event of Default, to exchange certificates or instruments representing or evidencing such investment property for certificates or instruments of smaller or larger denominations.

Section 5. Representations and Warranties. The Grantor represents and warrants to the Lender as set forth below.

(a) The Grantor's exact legal name, type of legal entity and jurisdiction of organization are as set forth in the first paragraph of this Agreement. The Grantor's state organizational identification number is C0380781.

(b) The Grantor keeps its books and records concerning the Collateral at the address first specified above for the Grantor. The Grantor does not own any chattel paper or instruments.

(c) The Grantor is the legal and beneficial owner of the Collateral, free and clear of any lien other than the security interest created by this Agreement and Permitted Liens, and the Grantor possesses evidence of such ownership. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, other than in favor of the Lender. The Grantor has no trade name other than "Musco Family Olive Company."

(d) The Grantor has exclusive possession and control of the Equipment, subject to any rights of lessors under equipment leases. Schedule 3 sets forth each location at which Equipment is located.

(e) The Pledged Shares described on Schedule 1 constitutes (i) (A) all of the shares of capital stock of any entity owned by the Grantor, (B) all of the partnerships or joint ventures in which the Grantor has an interest and (C) all of the limited liability company interests owned by the Grantor and (ii) the Grantor's respective percentage ownership interests in each such entity are as set forth on Schedule 1. There is no other class of interests in any such Pledged Shares issued and outstanding except as set forth on Schedule 1.

(f) Intentionally omitted.

(g) The Grantor does not own, is not a licensee of, nor has the Grantor applied for any Trademarks or Patents, other than those set forth on Schedule 2. Except as set forth on Schedule 2, none of such Trademarks or Patents has been registered with any governmental authority, nor has an application for such registration been made.

(h) This Agreement and the filing of an appropriate UCC Financing Statement in the State of California naming the Grantor as debtor and the Lender as secured party create a valid and perfected first-priority security interest in the Collateral, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.

(i) To the best of Guarantor's knowledge, no authorization, approval or other action by, or notice to or filing with, any Governmental Authority (other than the filing of an appropriate UCC Financing Statement in the State of California naming the Grantor as debtor and the Lender as secured party) is required (i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor or (ii) for the perfection of or exercise by the Lender of its rights

provided for in this Agreement or the remedies in respect of the Collateral provided pursuant to this Agreement.

Section 6. Further Assurances.

(a) The Grantor will give the Lender at least 30 days' prior written notice of (i) any change in its legal name, type of legal entity, jurisdiction of organization or state organizational identification number as specified in Section 5(a), (ii) any change in the location of the office where it keeps its books and records concerning the Collateral or (iii) the establishment of any location of Equipment not listed on Schedule 3.

(b) The Grantor agrees that at any time and from time to time, at its expense, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that the Lender may reasonably request, in order to perfect and protect the security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will take such action as may be necessary, or as the Lender may reasonably request, to cause the Lender to receive control over all deposit accounts and investment property included in the Collateral.

(c) The Grantor hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral. A copy of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(d) The Grantor will furnish to the Lender from time to time statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Lender may request, all in reasonable detail.

Section 7. As to Equipment. The Grantor will observe the covenants set forth below.

(a) The Grantor will cause the Equipment needed for its business to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any applicable manufacturers' manuals, and will forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith as are necessary or reasonably desirable to such end. The Grantor will promptly furnish to the Lender a statement respecting any material loss or damage to the Equipment.

(b) The Grantor will pay promptly when due all property and other taxes imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment, except to the extent that the validity thereof is being contested in good faith and by proper proceedings and that appropriate reserves are being maintained therefor.

Section 8. Patents and Trademarks.

(a) The Grantor hereby agrees that any rights granted hereunder to the Lender with respect to Patents and Trademarks shall be applicable to all territories in which the Grantor has the right to use such Patents and Trademarks, from time to time, and without any liability for royalties or other related charges from the Lender to the Grantor.

(b) Subject to the terms hereof and of the Credit Agreement, the Grantor shall be permitted to manage, license and administer its Patents and Trademarks and to become a licensee of other patents and trademarks in such manner as the Grantor in its reasonable business judgment deems desirable; provided, however, that the Grantor will not, without the Lender's prior written consent, (i) abandon any Patent or Trademark in which the Grantor now owns or hereafter acquires any rights or interests or (ii) enter into any license agreements.

(c) The Grantor agrees to: (i) prosecute diligently any Patent and Trademark, (ii) upon the occurrence and during the continuance of an Event of Default, make application on unpatented but patentable inventions owned by the Grantor and on unregistered Trademarks, as the case may be, as the Lender deems appropriate, (iii) file and prosecute opposition and cancellation proceedings and (iv) take all action necessary to preserve and maintain all rights in the Patents and Trademarks, including making timely filings for renewals and extensions of such Patents and Trademarks and diligently monitoring unauthorized use thereof. Any expenses incurred in connection with the foregoing shall be borne by the Grantor. The Grantor shall give proper statutory notice in connection with its use of each Patent and each Trademark to the extent necessary for the protection thereof. The Grantor shall notify the Lender of any suit it commences to enforce any Patent or Trademark and shall provide the Lender with copies of any documents requested by the Lender relating to such suit. The Lender shall not have any duty with respect to the Patents and Trademarks other than to act lawfully and without gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Lender shall not be under any obligation to take any steps necessary to preserve rights in the Patents and Trademarks against any other party, but the Lender may do so at its option upon the occurrence and during the continuance of an Event of Default, and all expenses incurred in connection therewith shall be for the account of the Grantor and shall be added to the Secured Obligations.

(d) In addition to the other rights of the Lender hereunder, the Grantor hereby grants to the Lender a license or other right to use, without charge, but only after the occurrence and during the continuance of an Event of Default, the Grantor's patents, rights of use of any name, trade names, trademarks and advertising matter, or any property of a similar nature, including the Patents and the Trademarks, in advertising for sale and selling any Collateral.

Section 9. Rights with Respect to Investment Property.

(a) So long as no Event of Default has occurred and is continuing, the provisions set forth below shall apply.

(i) The Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the investment property included in the Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement and the other Loan Documents.

(ii) The Grantor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of such investment property; provided, however, that any and all:

(A) dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of or exchange for, any such investment property,

(B) dividends, interest and other distributions paid or payable in cash in respect of any such investment property in connection with a partial or total liquidation or dissolution of the issuer thereof or in connection with a reduction of capital, capital surplus or paid-in surplus by such issuer, and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of or exchange for, any such investment property shall be, and shall be forthwith delivered to the Lender to hold as, Collateral and shall, if received by the Grantor, be received in trust for the benefit of the Lender, be segregated from the other property or funds of the Grantor and be forthwith delivered to the Lender as Collateral in the same form as so received (with any necessary endorsement).

(iii) The Lender will execute and deliver (or cause to be executed and delivered) to the Grantor all such proxies and other instruments as the Grantor may request for the purpose of enabling the Grantor to exercise the voting and other rights that it is entitled to exercise pursuant to Section 9(a)(i) and to receive the dividends, interest and other distributions that it is authorized to receive and retain pursuant to Section 9(a)(ii).

(b) Upon the occurrence and during the continuation of any Event of Default, the provisions set forth below shall apply.

(i) All rights of the Grantor to exercise the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 9(a)(i) and to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 9(a)(ii) shall cease, and all such rights shall thereupon become vested in the Lender, which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and hold as Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by the Grantor contrary to the provisions of Section 9(b)(i) shall be received in trust for the benefit of the Lender, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Lender as Collateral in the same form as so received (with any necessary endorsement).

Section 10. Transfers and Other Liens. The Grantor agrees that, without Lender's prior written consent, not to be unreasonably withheld, it will not (a) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral or (b) create or permit to exist any lien upon or with respect to any of the Collateral, except for the security interest created by this Agreement and Permitted Liens.

Section 11. Lender Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Lender as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Lender's discretion at any time after the occurrence and during the continuation of an Event of Default, to take any action and to execute any instrument that the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including the following:

- (a) to obtain and adjust insurance;
- (b) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (c) (i) to grant or issue an exclusive or nonexclusive license under the Patents or the Trademarks to anyone upon foreclosure by the Lender and (ii) to assign, pledge, convey or otherwise transfer title in or dispose of the Patents or the Trademarks to anyone upon foreclosure by the Lender;
- (d) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) or (b) above; and
- (e) to file any claims, take any action or institute any proceedings that the Lender may deem necessary or desirable for the collection of any of the Collateral, the protection or enforcement of any of the rights of the Lender with respect to any of the Patents and the Trademarks or otherwise to enforce the rights of the Lender with respect to any of the Collateral.

The foregoing power of attorney is a power coupled with an interest and is therefore irrevocable without the written consent of the Lender.

Section 12. Lender May Perform; Lender's Duties.

(a) If the Grantor fails to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by the Grantor under Section 14(b).

(b) The powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lender shall not have any duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Lender has or is deemed to have

knowledge of such matters, or as to the taking of any necessary steps to preserve rights against other parties or any other rights pertaining to any Collateral. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that the Lender accords its own similar property.

Section 13. Remedies. If any Event of Default occurs and is continuing, the provisions set forth below shall apply.

(a) The Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party on default under the Code in effect in the State of California at that time (whether or not the Code applies to the affected Collateral) and may also (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Lender forthwith, assemble all or part of the Collateral as directed by the Lender and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale is required by law, at least 10 days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash held by the Lender as Collateral, all payments received by the Lender in respect of the Collateral and all cash proceeds received by the Lender in respect of any sale of, collection from or other realization upon all or any part of the Collateral may, in the discretion of the Lender, be held by the Lender as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Lender pursuant to Section 14) in whole or in part by the Lender against, all or any part of the Secured Obligations in such order as the Lender may elect. Any surplus of such cash or cash proceeds held by the Lender and remaining after payment in full of the Secured Obligations shall be paid over to the Grantor or to whoever may be lawfully entitled to receive such surplus.

(c) The Lender may exercise any and all rights and remedies of the Grantor in respect of the Collateral.

(d) All payments received by the Grantor under or in respect of the Collateral shall be received in trust for the benefit of the Lender, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement).

(e) The Lender may, without notice to the Grantor except as required by law and at any time and from time to time, charge, set off and otherwise apply any or all of the Bank Account Collateral against the Secured Obligations.

Section 14. Indemnity and Expenses.

(a) **THE GRANTOR AGREES TO INDEMNIFY THE LENDER FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES AND LIABILITIES ARISING OUT OF OR RESULTING FROM THIS AGREEMENT (INCLUDING ENFORCEMENT OF THIS AGREEMENT), EXCEPT CLAIMS, LOSSES OR LIABILITIES RESULTING FROM THE LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.**

(b) The Grantor will upon demand pay to the Lender the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, that the Lender may incur in connection with (i) the custody, preservation, use, operation or sale of, the collection from, or any other realization upon, any of the Collateral, (ii) the exercise or enforcement of any of the rights of the Lender hereunder, whether in a bankruptcy proceeding or otherwise, or (iii) the failure by the Grantor to perform or observe any of the provisions hereof.

Section 15. Amendments, Waivers, Etc.

(a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Grantor herefrom, shall in any event be effective unless the same is in writing and signed by the Lender and, in the case of any amendment, by the Grantor, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) The waiver (whether express or implied) by the Lender of any breach of the terms or conditions of this Agreement shall not prejudice any remedy of the Lender in respect of any continuing or other breach of the terms and conditions hereof and shall not be construed as a bar to any right or remedy that the Lender would otherwise have on any future occasion under this Agreement.

(c) No failure to exercise or delay in exercising any right, power or privilege under this Agreement by the Lender shall operate as a waiver thereof or of the exercise of any other right, power or privilege.

Section 16. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including communication by telecopier) and shall be mailed, telecopied or delivered to the Grantor or the Lender, as the case may be, at the address therefor set forth in the Credit Agreement or at such other address as may be designated by such party in a written notice to the other party complying with the terms of this section. All such notices and other communications shall be effective as provided in the Credit Agreement.

Section 17. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Secured Obligations and expiration or termination of each commitment pursuant to the Credit Agreement, (b) be binding upon the Grantor and its successors and assigns and (c) inure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), the Lender may assign or otherwise transfer any or all of its rights and obligations under the Loan Documents to any other entity, and such other entity shall thereupon become vested with all of the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of the Credit Agreement.

Section 18. Release and Termination. Upon the payment in full of the Secured Obligations and expiration or termination of each commitment pursuant to the Credit Agreement, the security interest granted hereby shall terminate, and all rights to the Collateral shall revert to the Grantor. Upon any such termination, the Lender will execute and deliver to the Grantor, at its expense, such documents as the Grantor may reasonably request to evidence such termination.

Section 19. Counterparts; Integration; Electronic Execution. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract between the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or e-mail shall be effective as delivery of an originally executed counterpart of this Agreement.

Section 20. Severability. Any provision of this Agreement that is held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 21. GOVERNING LAW. **THIS AGREEMENT 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 THE STATE OF CALIFORNIA, EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE MANDATORY LAWS OF A JURISDICTION OTHER THAN THE STATE OF CALIFORNIA.**

Section 22. Section Headings. Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

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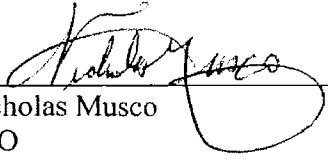
The Grantor has caused this Agreement to be executed by its duly authorized representative as of the date first written above.

MUSCO OLIVE PRODUCTS, INC.

By:  _____

Name: Felix Musco

Title: President and Secretary

By:  _____

Name: Nicholas Musco

Title: CEO

SCHEDULE 1
to Security Agreement

PLEDGED SHARES

1. Pledged Stock

<u>Issuer</u>	<u>Certificate No.</u>	<u>No of Shares</u>	<u>Percentage Interest in Issuer</u>	<u>Other Classes of Shares</u>
Sadrym California, Inc.	C-11		100%	None

2. Pledged Partnership Interests

<u>Name of Partnership</u>	<u>Percentage Interest in Partnership</u>
Studley Company, a California Limited Partnership	100%

3. Pledged Limited Liability Company Interests

<u>Name of Limited Liability Company</u>	<u>Percentage Membership Interest</u>
Musco de Mexico, S. de R.L. de C.V.	100%

PATENTS AND TRADEMARKS

PATENTS

Title	Application/Patent Number	Filing/Issue Date
Process for Producing Burgundy-Colored Flavored Olives and Product Made Thereby	6,703,059	03/09/2004
Method for Processing Black Ripe Olives	4,664,926	05/12/1987

TRADEMARKS

U.S. Trademark	Serial No. Registration No.	Filing/Issue Date
BURGUNDY PEARLS	2,795,737	12/16/2003
FUN AT YOUR FINGERTIPS	2,845,732	05/25/2004
BELIEVE IN OLIVE FINGERS	2,628,167	10/01/2002
MUSCO FAMILY OLIVE CO.	2,708,661	04/22/2003
MEDITERRANEAN PEARLS	2,651,705	11/19/2002
PEARLS	2,670,040	12/31/2002
GREEN PEARLS	2,656,978	12/03/2002
Design Only	2,216,167	01/05/1999
AXIS	2,086,183	08/05/1997
JUST RIPE	1,887,996	04/04/1995
BLACK PEARLS	1,808,568	11/30/1993
DELI OLIVES	1,558,255	09/26/1989
MUSCO	874,806	08/12/1969
FRANCISCAN	834,856	09/05/1967
BRAVO (California State Trademark)	37,959	06/01/1956

SCHEDULE 3
to Security Agreement

LOCATIONS OF EQUIPMENT

<u>Location</u>	<u>Qualified to do business in such location?</u>
1. 17950 Via Nicolo, Tracy, CA 95376	Yes
2. 5 th & Swift Street, Orland, CA 95963	Yes