

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
Cherrydale Manufacturing, L.L.C.		09/18/2006	LIMITED LIABILITY COMPANY: DELAWARE

RECEIVING PARTY DATA

Name:	Rosen Capital Partners LLC
Street Address:	10 Valley View Drive
City:	Mendham
State/Country:	NEW JERSEY
Postal Code:	07945
Entity Type:	LIMITED LIABILITY COMPANY: NEW JERSEY

PROPERTY NUMBERS Total: 41

Property Type	Number	Word Mark
Registration Number:	2014633	ALMOND KISSES
Registration Number:	0690644	AMERICANA
Registration Number:	1844601	BARTONETTES
Registration Number:	3603147	BARTONS
Registration Number:	0669032	BARTON'S
Registration Number:	1937678	BARTONS BONBONNIERE
Registration Number:	3599027	BARTONS CONFECTIONERS
Registration Number:	2923935	BARTONS DESSERT CLASSICS
Serial Number:	77255631	BARTONS EXQUISITE
Serial Number:	77255623	BARTONS EXQUISITE
Registration Number:	2971944	BARTONS GEM CLASSICS
Registration Number:	2921299	BARTONS TOPPERS
Registration Number:	2952677	DESSERT CLASSICS

CH \$1040.00 2014633

Serial Number:	77278601	FLIP POPS
Serial Number:	77529062	FRUIT-A-MAJIGS
Serial Number:	77574072	FRUIT-A-MAJIGS
Registration Number:	2921300	GEM CLASSICS
Registration Number:	3441490	HEAVENLY DARK
Registration Number:	3496708	HEAVENLY DARK
Serial Number:	77255755	HEAVENLY DARK EXQUISITE
Serial Number:	76675947	HEAVENLY SMART
Serial Number:	76676073	HEAVENLY SMART
Serial Number:	77283912	NJ
Serial Number:	77283910	NJ
Serial Number:	77283886	NJ
Serial Number:	77283882	NJ
Serial Number:	77283898	NJ
Serial Number:	77283904	NJ
Registration Number:	3526869	MONSTER BITES
Registration Number:	2971212	NEW YORKER
Serial Number:	77283879	NUTJOB
Serial Number:	77283891	NUTJOB
Serial Number:	77283896	NUTJOB
Serial Number:	77283920	NUTJOB
Serial Number:	77282520	ONE MILLION DOLLARS
Registration Number:	3534892	SHMELLOWS
Serial Number:	77127225	SMART TASTE
Serial Number:	77127231	SMART TASTE
Serial Number:	77127220	SMART TASTE
Serial Number:	77407684	SO VERY RASPBERRY
Serial Number:	77524667	VEG-A-MAJIGS

CORRESPONDENCE DATA

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Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
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ATTORNEY DOCKET NUMBER:	113978/1 (RWS-0406)
NAME OF SUBMITTER:	Robert W. Smith
Signature:	/robertwsmith/
Date:	06/01/2009

Total Attachments: 30

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AMENDED AND RESTATED
SECURITY AGREEMENT

Made by

CHERRYDALE MANUFACTURING, L.L.C.
(Grantor)

for the benefit and security of

ROSEN CAPITAL PARTNERS LLC
(Secured Party)

Dated as of September 18, 2006

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made as of the 18TH day of September, 2006 by Cherrydale Manufacturing, L.L.C., a Delaware limited liability company, having a mailing address at 1035 Mill Road, Allentown, Pennsylvania 18106 ("Grantor"), for the benefit and security of Rosen Capital Partners LLC, New Jersey a limited liability company, having a mailing address at 10 Valley View Drive, Mendham, NJ 07945 ("Secured Party").

Recitals:

The Grantor has executed and delivered its amended and restated consolidated note (the "Note") of even date herewith, which Note is the amendment, restatement and consolidation of two bridge notes (the "Bridge Notes") each in the amount of \$2,000,000 issued by R & R Operating Partnership, L.P. ("R&R") in favor of the Secured Party on July 21, 2006 and August 28, 2006, respectively, evidencing certain loans made by the Secured Party to R&R (such loans collectively, the "Loan"). The Bridge Notes were assumed by the Grantor under the terms of the Assumption and Release Agreement among R&R, the Secured Party and the Grantor of even date herewith.

On August 28, 2006, R&R entered into a security agreement (the "Existing Security Agreement") to secure its obligations under the Bridge Notes. The granting of the security interest created thereby was perfected by a UCC-1 financing statement filed with the Pennsylvania Secretary of State.

Pursuant to the asset purchase and contribution agreement of even date herewith (the "Contribution Agreement") among R&R, Secured Party and the Grantor, the Grantor has taken title to the Collateral (as defined below) by assignment from R&R. To secure its obligations under the Note, the Grantor has agreed to assume the obligations of the Grantor under the Existing Security Agreement and to ratify and confirm the ongoing perfected security interest of the Secured Party in the Collateral.

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby makes the following covenants, agreements, representations, and warranties for the benefit and security of Secured Party:

ARTICLE I DEFINED TERMS

In addition to the capitalized terms defined above, capitalized terms used in this Agreement shall have the following meanings:

"Article 8" shall mean Title 8 of the UCC, as in effect from time to time.

"Article 9" shall mean Title 9 of the UCC, as in effect from time to time.

"Authenticate" or "Authenticated" or "Authenticating" or "Authentication" shall mean to sign (or to have signed), or to execute or otherwise adopt (or to have executed or otherwise adopted) a symbol, or encrypt or similarly process (or to have encrypted or similarly processed) a Record in whole or in part, with the present intent of the authenticating Person to identify the Person and adopt or accept a Record.

"Bank" shall have the meaning given to that term in Article 9 of the UCC.

"Bartons Business" shall mean Grantor's business of manufacturing, marketing and selling products in connection with the BARTONS brand.

"Business Records" shall have the meaning given to that term in Section 2.01.

"Collateral" shall have the meaning given to that term in Section 2.01.

"Collateral Records" shall mean Business Records concerning any Collateral.

"Collection Costs" shall mean all costs and expenses of enforcing this Agreement and the other Loan Documents, including all costs and expenses of collecting the Obligations and exercising Secured Party's rights and remedies under this Agreement and the other Loan Documents, or under any Law, as against the Collateral, or as against Grantor or any other Person, and any and all costs and expenses incurred by Secured Party at any time in enforcing or defending Secured Party's Lien and priority in the Collateral, and any other costs and expenses incurred by Secured Party after the occurrence of any Default or Event of Default, with regard to any matters relating to this Agreement or the other Loan Documents, regardless of whether a Default or Event of Default shall have been declared or any remedies shall have been exercised, and including all such costs and expenses incurred by Secured Party in or relating to any bankruptcy or insolvency proceedings.

"Copyright" or "Copyrights" shall mean registered and unregistered works of authorship relating to the Bartons Business and all copyright rights therein including, without limitation, Grantor's catalogs and the website located at www.bartonscandy.com.

"Core Intellectual Property" shall mean Copyrights, Marks, any and all other rights to existing and future registrations and applications for any of the foregoing and all other proprietary rights in, or relating to, any of the foregoing, including remedies against and rights to sue for past infringements, and rights to damages and profits due or accrued in or relating to any of the foregoing and any and all other tangible or intangible proprietary property, information and materials that relate exclusively to the Bartons Business.

"Default" shall mean any event, occurrence, circumstance, act or failure to act which, with the giving of notice and/or the passage of time, would become an Event of Default.

"Deposit Accounts" shall have the meaning given to that term in Article 9 of the UCC.

"Entity" shall mean any Person other than a natural person.

"Event of Default" shall mean an Event of Default set forth in Section 6.01.

"Excluded Assets" means (i) all interests of Grantor in Grantor employee benefit plans, provided that this exclusion does not apply to an asset of Grantor merely because the asset was intended to be used to satisfy Grantor's obligations under a Grantor employee benefit plan; (ii) personnel records of any of the current or former employees of Grantor and any books, records and accounts and correspondence that do not pertain to the Collateral; (iii) all of Grantor's equipment and other tangible personal property, whether owned or leased; (iv) all of Grantor's Inventory, wherever located, whether now owned or hereafter acquired, including all finished goods, work-in-progress, raw materials, spare parts and all other materials and supplies to be used or consumed by Grantor in the business of, among other things, manufacturing, marketing and selling various brands of confectionary products; (v) all accounts receivable, cash, cash equivalents on hand or in bank accounts and short term investments, whether now in existence or hereafter created; (vi) all General Intangibles other than Intellectual Property, Other Assets, and Business

Records; (vii) all Deposit Accounts, Investment Property, all documents (as defined in Article 9 of the UCC) and all letter of credit rights (as defined in Article 9 of the UCC); (viii) all assets related to Grantor's fund raising business activities; (ix) all books and records, however maintained with respect to any of the foregoing; and (x) any and all Proceeds of the foregoing.

"GAAP" shall mean generally accepted accounting principles in the United States, as in effect at the time of application to the provisions hereof, and consistently applied.

"General Intangibles" shall have the meaning given to that term in Article 9 of the UCC.

"Governmental Authority" shall mean any executive, judicial, legislative or other branch, department, office, commission, board, bureau, agency, unit or instrumentality of the government of any jurisdiction, including the federal government of the United States and the government of any foreign country, and any state, provincial, county, parish, local or municipal government and including the Persons holding or exercising the powers, privileges, discretions, titles, offices or authorities of any thereof, and including any central bank or comparable authority or agency. Governmental Authority includes the United States Patent and Trademark Office and the Copyright Office of the Library of Congress.

"Guarantor" shall mean any Person who guarantees the payment and performance of all or any part of the Obligations or who pledges or otherwise delivers any property to Secured Party as collateral security for the Obligations.

"Indebtedness" means, as applied to any Person, and as measured without duplication, all items (except items of capital stock, capital or paid-in-surplus or of retained earnings) which in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person, and (b) to the extent not otherwise included in clause (a) of this definition, all of such Person's (i) trade accounts payable and (ii) obligations under any guarantee.

"Intellectual Property" shall mean Core Intellectual Property, Other Intellectual Property and Intellectual Property Agreements.

"Intellectual Property Agreements" shall mean any agreements relating to Core Intellectual Property or any Other Intellectual Property, and including any agreements, rights, options, licenses or sublicenses to purchase or otherwise acquire or use or benefit from (or to sell or otherwise permit any other Person to acquire or use or benefit from) any Core Intellectual Property or any Other Intellectual Property, and any source code escrow agreements, and any personal services contracts, employment contracts, confidentiality agreements and similar covenants and agreements, rights under agreements not to compete and similar covenants and agreements, rights to contract expirations or renewals, and rights to insurance policy expirations or renewals, including any amendments, reissues, renewals, or supplementations of, or substitutions or replacements for, any of the foregoing, and including any agreements with employees or former employees relating to any of the foregoing.

"Intellectual Property Security Agreement" shall mean:

(a) As applicable to Collateral that is a Copyright, a copyright assignment, mortgage or security agreement in form and substance satisfactory to Secured Party, between Grantor and Secured Party.

(b) As applicable to Collateral that is a Mark, a trademark collateral assignment or security agreement in form and substance satisfactory to Secured Party, between Grantor and Secured Party, including without limitation the Trademark Security Agreement.

"Inventory" shall have the meaning given to that term in Article 9 of the UCC.

"Investment Property" shall have the meaning given to that term in Article 9 of the UCC.

"Investment Property Account" shall mean any Investment Property that is a "securities account" (as "securities account" is defined in Article 8 of the UCC) or a "commodity account" (as "commodity account" is defined in Article 9 of the UCC).

"Law" shall mean any law (including common law), principle, usage, custom, constitution, statute, regulation, ordinance, rule, code, judgment, decision, decree, order (or other directive) of (a) the federal government of the United States (or any branch, department, agency, board, commission, bureau, unit, office, or instrumentality thereof), (b) any state, district, territory, insular possession, county, parish, city, municipal, or local government or jurisdiction of or within the United States (or any branch, department, agency, board, commission, bureau, unit, office or instrumentality thereof), or (c) any national, federal, state, district, provincial, territorial, county, parish, city, municipal, or local government or jurisdiction outside the United States (or any branch, department, agency, board, commission, bureau, unit, office or instrumentality thereof).

"Lien" shall mean any security interest (including security interest within the definition of "security interest" in the UCC), encumbrance, lien (including any judgment lien, any contract lien, any lien arising or resulting from nonpayment of any tax, assessment, charge or other imposition, and any lien arising or resulting from nonpayment for labor, materials, or supplies), security agreement (including any agreement that creates or provides for a security interest), deed of trust, mortgage, grant, pledge, assignment, hypothecation, title retention contract, or other arrangement for security purposes, and any agricultural lien (including any agricultural lien within the definition of "agricultural lien" in Article 9 of the UCC), and including any of the foregoing arising by operation of statute or other law or the application of equitable principles, whether perfected or unperfected, avoidable or unavoidable, consensual or nonconsensual, and any financing statement or other similar notice document, whether or not filed, and any agreement to give a financing statement or other similar notice document.

"Lien Notice" shall mean any instrument, document, agreement, notice, acknowledgment, or consent made by, given to, or filed, recorded, or registered with, any Person, and regardless of whether required by any Law, for the purpose of effecting, perfecting, protecting, continuing, maintaining, registering, or giving notice of any Lien (or the possibility of a Lien and regardless of whether any Lien other than the Lien Notice exists or the effect of the Lien Notice) upon, or to perfect any security interest by taking control of (as the term "control" is used in Article 8 or Article 9 of the UCC, as the case may be), any of Grantor's Property (including any Collateral), or for any precautionary purposes, including any of the following that may be given to, or filed, recorded, or registered with, any Person (including any Governmental Authority) for any of the foregoing purposes: security agreements, control agreements, control consents, acknowledgments of possession, financing statements, vehicle security interest or lien filings, mortgages, deeds of trust, judgments, leases, indentures, collateral assignments, assignments of claims, Intellectual Property Security Agreements, and notices of any of the foregoing.

"Lien Proceeding" shall mean any action taken (including self help) or proceeding (judicial or otherwise) commenced by any Person other than Secured Party for the purpose of enforcing or protecting any actual or alleged Lien upon any of the Collateral or any of Grantor's other Property, and including

any foreclosure, repossession, attachment, execution or other process regarding any of the Collateral or any of Grantor's other Property.

"Loan Document" or "Loan Documents" shall mean this Agreement, the Note, the Trademark Security Agreement, the financing statement of even date herewith from Grantor for the benefit and security of Secured Party and each and every other document related in any way to the Obligations, or made to perfect the security interests and other rights of Secured Party in and to the Collateral, or made to induce Secured Party to make the Loan, and all amendments, modifications, supplements, extensions and replacements hereof and thereof, from time to time.

"Marks" shall mean the following: (i) the trademarks AMERICANA, ALMOND KISSES, BARTONNETTES, BARTON'S, BARTONS BONBONNIERE, BARTONS DESSERT CLASSICS, BARTONS GEM CLASSICS, BARTONS TOPPERS, BONBONNIERE, DESSERT CLASSICS, GEM CLASSICS, LOLLYCONES, and NEW YORKER, (ii) all names and trademarks displayed on www.bartonscandy.com and in catalogs of Grantor relating exclusively to the Bartons Business and (iii) the internet domain name www.bartonscandy.com, and all applications and registrations, and all renewals of any of the foregoing (i) through (iii), and all goodwill associated with each of the foregoing (i) through (iii), including without limitation the trademarks and other names set forth on Schedule A.

"New Location Action" shall have the meaning given to that term in Section 5.02.

"Note" means the amended and restated consolidated note defined in the recitals of this agreement.

"Obligations" shall mean Grantor's obligation to pay to Secured Party as and when due (whether a scheduled payment or upon the stated maturity, acceleration or otherwise) all principal, interest and other amounts due under the Note and the other Loan Documents (including all Collection Costs), all of Grantor's other obligations, indebtedness, and liabilities to Secured Party for payment or performance under this Agreement and the other Loan Documents, any other claims or judgments that Secured Party may have against Grantor for obligations, indebtedness, or liabilities arising under or relating to this Agreement and the other Loan Documents, including any thereof arising after the commencement of any case with respect to Grantor under the United States Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement and pendency of such case).

"Obligor" shall mean any Person that (i) owes payment or other performance of any or all of the Obligations, (ii) has provided Property, other than the Collateral, to secure payment or other performance of any or all of the Obligations, or (iii) is otherwise accountable in whole or in part for payment or other performance of any or all of the Obligations.

"Other Assets" shall mean the goodwill associated with the Marks and all other intangible assets (including all claims, contract rights and warranty and product liability claims against third parties) related exclusively to the Core Intellectual Property and the Other Intellectual Property, provided further that, under no circumstances shall Proceeds of the sale of Inventory be considered an Other Asset.

"Other Intellectual Property" shall mean, as regarding the Bartons Business, all forms and types of financial, business, scientific, technical, economic, or engineering information, including confidential business information, candy recipes, manufacturing and packaging processes and instructions, patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, trade secrets, know-how, shop rights, inventions, discoveries, business systems, business forms, business stationery, software, trade dress, brand names, commercial names,

fictitious names, brochures, signs, tags, labels, logos, sales materials, advertising materials, marketing materials, promotional materials, shipping materials, pricing materials, customer lists, distributor lists, franchisee lists, franchisor lists, licensee lists, licensor lists, instruction manuals, operation manuals, service manuals, telephone numbers, post office addresses, mailing addresses, e-mail addresses, Internet protocol numerical addresses, domain names, codes, web sites, permits, authorizations, consents, and approvals, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing, and including any other rights or interests in any of the foregoing, and all rights to sue for past, present or future violations or infringements or misappropriation of any of the foregoing and rights to damages and profits due or accrued in or relating to any of the foregoing, and the goodwill associated with or related to any of the foregoing (and including the goodwill of any business owning or having rights to any of the foregoing), and including opinions and advice of counsel, consultants, advisors, and experts (including research materials, engineering reports and other work product of employees), and all other intangible assets used or held for use exclusively in connection with the Bartons Business whether in tangible or intangible form and whether or not stored, compiled or memorialized physically, electronically, graphically, photographically or in writing.

“Person” means any natural person, corporation, limited liability company, partnership, joint venture, entity, association, joint-stock company, trust or unincorporated organization and any Governmental Authority, including any receiver, Grantor-in-possession, trustee, custodian, conservator or liquidator.

“Proceeds” shall have the meaning given to that term in Article 9 of the UCC.

“Property” means any property of any kind whatsoever, whether real, personal, or mixed, and whether tangible or intangible, and any right, title or interest in or to property of any kind whatsoever, whether real, personal, or mixed, and whether tangible or intangible, including the Collateral.

“Record” and “Records” shall have the meaning given to that term in Article 9 of the UCC, and, except as used in “for record,” “of record,” “record or legal title,” and “record owner,” any information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

“Restricted Payment” shall mean any of the following: (a) the payment of any salary or other compensation (including the reasonable value of non-cash compensation such as use of automobiles or other business assets) in excess of that which is reasonable in accordance with industry norms (and considering the payor’s historical practices) for the bona fide employment of a Person for the services actually provided by such Person; (b) any payment of any management fees or consulting fees to any Person that is a stockholder or the like of such Person (other than Secured Party), (c) the declaration or payment of any dividend or the incurrence of any liability to make any other payment or distribution of cash or other property or assets in respect of a Person’s stock or other ownership interest, (d) any payment on account of the purchase, redemption, defeasance, sinking fund or other retirement of a Person’s stock or other ownership interest or any other payment or distribution made in respect thereof, either directly or indirectly, (e) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to, any subordinated debt; (f) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire stock or other ownership interest of such Person now or hereafter outstanding; and (g) any payment, loan, contribution, or other transfer of funds or other property to any stockholder (or the like) of such Person other than payment of compensation in the ordinary course to stockholders (or the like) who are employees of such Person, subject to the limitations in clause (a) of this definition.

"Subsidiary" shall mean, as to any Person, (i) any corporation or limited liability company (A) that is directly or indirectly controlled by such Person or any Subsidiary of such Person or (B) if more than ten percent (10%) of the voting and/or non-voting stock or other ownership shares of such corporation or limited liability company is owned by such Person or any Subsidiary of such Person, (ii) any joint venture or partnership (A) in which such Person or any Subsidiary of such Person is a general partner or (B) if more than ten percent (10%) of the partnership interests in such venture or partnership are owned by such Person or any Subsidiary of such Person, (iii) any trust for the benefit of such Person or any Subsidiary of such Person, or any other organization, trust or other entity as to which such Person or any Subsidiary of such Person is in a position of management, trust, or control, and (iv) to the extent not otherwise included by the preceding clauses, any Subsidiary of any corporation, limited liability company, partnership, organization, trust or other entity described in clauses (i), (ii), or (iii).

"Third Party" shall mean a Person other than Grantor or Secured Party.

"Trademark Security Agreement" shall mean the Amended and Restated Trademark Security Agreement of even date with this Agreement between Secured Party and Grantor.

"United States" shall mean United States of America.

"UCC" shall mean the Pennsylvania Uniform Commercial Code, as it may be revised from time to time; provided that if, and to the extent that, the Uniform Commercial Code of a jurisdiction other than Pennsylvania governs the perfection, the effect of perfection or non-perfection, or the priority of a security interest created under this Agreement, then "UCC" shall refer to the Uniform Commercial Code of such other jurisdiction to the extent applicable to the perfection, the effect of perfection or non-perfection, or the priority of such security interest.

ARTICLE II SECURITY INTEREST; PERFECTION

SECTION 2.01. *Security Interest.* To secure the full and timely payment, performance and satisfaction of the Obligations, and without limiting the legal operation and effect of any Loan Document, Grantor hereby collaterally assigns to Secured Party, and grants Secured Party a security interest in, all of Grantor's now owned and hereafter acquired, created or arising Property described below, and in each case regardless of where such Property may be located and whether such Property may be in the possession of Grantor, Secured Party, or a Third Party, and, if any of such Property may be held or stored with any Third Party, together with all of Grantor's rights now owned and hereafter acquired, created or arising relating to the storage, withdrawal and retrieval thereof and access thereto (all of which Property described below and all such rights of storage, withdrawal, retrieval and access, in each case both now owned and hereafter acquired, created or arising, being referred to herein as "Collateral"): (a) Intellectual Property; (b) Other Assets; (c) all of Grantor's now owned and hereafter acquired, created or arising Records, and books, records, documents, ledger cards, invoices, bills of lading and other shipping evidence, credit files, computer programs, tapes, discs, diskettes, and other data and software storage medium and devices, and other property and general intangibles evidencing or relating to the Intellectual Property and Other Assets (including any rights of Grantor with respect to the foregoing maintained with or by any other Person) ("Business Records"); and (d) Proceeds arising from the foregoing, but specifically excluding any Proceeds arising from the sale or other disposition of Excluded Assets.

SECTION 2.02. *Collateral in Possession of Third Party.* If the Collateral is in the possession of a Third Party, Grantor shall join with Secured Party in notifying such Third Party of Secured Party's

security interest in the Collateral, and Grantor shall obtain for Secured Party a written acknowledgment from such Third Party that such Third Party is holding the Collateral for the benefit of Secured Party.

SECTION 2.03. *Perfection by Filing.* (a) Promptly upon Secured Party's request from time to time, Grantor shall Authenticate, in recordable form, and deliver to Secured Party any financing statement or other Lien Notice or other document, and cause any Third Party to Authenticate and deliver to Secured Party any other document (including financing statement termination statements), requested by Secured Party to perfect the security interests created under this Agreement and to establish, maintain, and continue the first priority of the security interests created under this Agreement.

(b) Grantor hereby appoints Secured Party as Grantor's attorney-in-fact, with power of substitution, which appointment is irrevocable and coupled with an interest, to Authenticate in the name of Grantor, and to transmit to, or file, record, or register with, any Person, and at any time, any Lien Notice that Secured Party may deem necessary or advisable for the purpose of creating, enforcing, defending, protecting, perfecting, continuing, or maintaining any security interest, or the perfection or priority of any security interest, created under this Agreement.

(c) Secured Party shall not be required to obtain Grantor's consent or authorization for Secured Party to file, and Secured Party shall be entitled to file, with or without Authentication by Grantor (or by Secured Party as Grantor's attorney-in-fact), any financing statement, amendment, or other Record that Secured Party may be authorized to file in accordance with the terms of Article 9, including any financing statement, amendment, or other Record that Secured Party may be authorized to file based on Grantor having Authenticated this Agreement or based on Grantor having Authenticated any other security agreement.

(d) If prior to Grantor's Authentication of this Agreement, Secured Party shall have filed in any jurisdiction, or with any Governmental Authority, any financing statement, amendment, or other Record describing or indicating the Collateral, or containing a description or indication of all assets of Grantor or all personal property of Grantor, or containing any other description or indication of the Collateral, but which financing statement, amendment, or other Record was not authorized by Grantor, Grantor, by Authenticating this Agreement, irrevocably (i) authorizes, ratifies, confirms, and adopts (A) each such previously filed financing statement, amendment or other Record, and (B) the filing of each such previously filed financing statement, amendment, or other Record, and (ii) agrees that each such previously filed financing statement, amendment, or other Record is valid and effective as though it had been authorized by Grantor and filed with Grantor's authorization.

SECTION 2.04. *Perfection by Possession.* If Collateral is of a type as to which it is necessary, desirable, or advisable, as determined by Secured Party, for Secured Party to take possession of such Collateral in order to protect, perfect, or maintain the first priority of Secured Party's security interest or other Lien in such (or any other) Collateral, then, promptly upon Secured Party's request from time to time, Grantor shall deliver such Collateral to Secured Party.

SECTION 2.05. *Other Actions.* Grantor agrees, upon the request of Secured Party and at Secured Party's option, to take any and all other actions as Secured Party may determine to be necessary or useful for the attachment, perfection or first priority of, and the ability of Secured Party to enforce, Secured Party's security interest in any and all of the Collateral.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Grantor makes the following representations and warranties to Secured Party, and Secured Party shall be entitled to rely upon the truth, accuracy, and completeness of the following representations and warranties without regard to any other information that may be now or hereafter known by or disclosed to Secured Party or any of Secured Party's directors, officers, employees, agents, attorneys or other advisors:

SECTION 3.01. Good Standing; Organization. Grantor (a) is a limited liability company duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified and authorized to do business in all other jurisdictions wherein the nature of its business or property makes such qualification necessary except where the failure to so qualify would not have a material adverse effect, and has the power to own its properties and to carry on its business as now conducted. Grantor's exact legal name is as set forth in the first paragraph of this Agreement.

SECTION 3.02. Authorization. The execution, delivery and performance of this Agreement and the other Loan Documents have been duly authorized by all necessary proceedings on the part of Grantor and will not (a) contravene any provision of Law, any order of any court or other agency of government, (b) contravene any of grantor's organizational documents, (c) contravene, be in conflict with, result in the breach of, or constitute (with due notice or lapse of time or both) a default under, any indenture, agreement or other instrument binding upon Grantor or any of Grantor's Property, or (d) result in the creation or imposition of any Lien upon the property or assets of Grantor, except pursuant to this Agreement or any other Loan Document.

SECTION 3.03. Ownership of Property and Collateral. (a) Grantor owns (or has rights in) all Property occupied, used, sold, licensed or leased in Grantor's business.

(b) Grantor is the sole and exclusive owner of the Collateral.

(c) All of the Copyrights and Marks are subsisting and have not been adjudged invalid or unenforceable.

(d) All of the trademark registrations listed on Schedule A are registered, valid and enforceable, with the exception of the registration for BARTONETTES, for which the trademark office failed to properly recognize a response filed in connection with Grantor's renewal; a petition to revive the registration has been filed.

SECTION 3.04. Liens on Collateral; Priority of Security Interest. (a) Except as stated in Section 3.03(b) the Collateral is subject to no Liens other than the Liens granted to Secured Party.

(b) Secured Party's security interest in the Collateral is a first priority perfected security interest.

SECTION 3.05. Location of Collateral; Grantor's Chief Executive Office. All of the Collateral is located at the location(s) shown on Schedule 3.05. No Third Party is in possession or custody of any of the Collateral. Grantor's chief executive office is located at 1035 Mill Road, Allentown, Pennsylvania 18106.

SECTION 3.06. Copyrights and Marks. Grantor (a) does not own or hold any Copyright registration or pending application with any Governmental Authority and (b) does not own or hold any

Mark registration or pending application with any Governmental Authority except as shown on Schedule A.

SECTION 3.07. Licenses; Intellectual Property Agreements. Debtor is not a licensor or licensee under, or a party to, or otherwise bound by the terms of, any Intellectual Property Agreement.

ARTICLE IV
AFFIRMATIVE COVENANTS

Grantor covenants and agrees to the following:

SECTION 4.01. Intellectual Property. (a) Before Grantor shall become the owner or holder of, or otherwise acquire rights to, (i) any Copyright registration or pending application with any Governmental Authority) or (ii) any Mark registration or pending application with any Governmental Authority (other than those listed in Schedule A, with respect to which Grantor has executed and delivered the Trademark Security Agreement), Grantor shall give Secured Party prompt written notice thereof, and promptly upon Secured Party's request, Grantor shall Authenticate and deliver to Secured Party such Intellectual Property Security Agreements (in addition to the Trademark Security Agreement) as Secured Party may request to more specifically document Secured Party's security interest in such Core Intellectual Property as soon as Grantor has rights thereto, and Secured Party shall be entitled to register or record such Intellectual Property Security Agreements with such Governmental Authorities as Secured Party may deem necessary or advisable for purposes of giving notice of, registering or perfecting Secured Party's security interest in such Core Intellectual Property. All Core Intellectual Property shall be part of the Collateral subject to this Agreement whether or not any separate Intellectual Property Security Agreement is made for such Core Intellectual Property.

(b) Grantor shall at all times, and at Grantor's sole expense, preserve and maintain, and defend against any misuse, abandonment or infringement of, Grantor's Intellectual Property.

(c) Grantor shall not (i) abandon any right to file with any Person an application for registration of any Copyright or Mark (nor any such pending application for registration of any Copyright or Mark) that is material to the business of Grantor as then conducted, or (ii) abandon any Intellectual Property that is material to the business of Grantor as then conducted.

(d) Grantor shall enter into such written agreements with each of Grantor's present and future employees, agents and consultants as may be necessary to enable Grantor to comply with this Agreement and the other Loan Documents.

(e) With further respect to Grantor's Marks,

(i) Grantor shall, for the duration of this Agreement, (A) continue to use consistent standards of quality in Grantor's manufacture of products sold under Grantor's Marks, and (B) do any and all things required (by Secured Party or otherwise) to cause and maintain the use of consistent standards of quality in the manufacture of products, and the provision of services, sold under Grantor's Marks;

(ii) Grantor grants to Secured Party and Secured Party's employees and agents the right to visit all plants and facilities which manufacture, inspect or store products, and any such places where services are provided, which are sold under any of Grantor's Marks, and to inspect and review the products, services and quality control records relating thereto at reasonable times during regular business hours; and

(iii) if any plants or facilities which manufacture, inspect or store products, or any places where services are provided, which are sold under any of Grantor's Marks, are not owned or operated by Grantor, Grantor shall cause the owners and operators of such plants, facilities, and places to grant to Secured Party and Secured Party's employees and agents the right to visit such plants, facilities and places and to inspect and review the products, services and quality control records relating thereto at reasonable times during regular business hours.

(f) Without limiting any other provision of this Agreement, (i) Grantor shall (A) prosecute diligently any Copyright or Mark application pending as of the date of this Agreement or hereafter that is material to Grantor's business, (B) make application on any Copyrights and Marks as appropriate in accordance with Grantor's ordinary practices, (C) preserve, maintain, and protect all of Grantor's rights in Copyrights and Marks, including all rights to registrations, that are material to Grantor's business, and (D) comply with all laws, regulations, and ordinances relating to the possession, maintenance, and control of Grantor's Copyrights and Marks, (ii) Grantor shall keep Secured Party advised in writing on a current basis of the filing with any Person, or abandonment, of any application relating to any Copyright or Mark, and of the grant of any Copyright or Mark, (iii) Grantor shall take all action necessary to preserve and maintain the validity, perfection, and first priority of Secured Party's security interest in Grantor's Copyrights and Marks, and (iv) if Grantor fails to comply with any of the foregoing duties, Secured Party may, but shall not be required to, so comply in Grantor's name to the extent permitted by law, but at Grantor's expense, and Grantor hereby agrees to reimburse Secured Party in full for all expenses, including the fees and disbursements of experts, attorneys (including experienced copyright and trademark counsel) and paralegals (including charges for in-house counsel) at any time incurred by Secured Party in protecting, defending and maintaining the Copyrights and Marks, which expenses, fees and disbursements shall be Obligations of Grantor under this Agreement.

(g) Without limiting any other provisions of this Agreement, if Grantor shall

(i) (A) obtain any registered Copyright, or apply for any such registration in the Copyright Office or in any similar office or agency of a state, territory or possession of the United States or shall obtain any Copyright registration or apply for any such registration (which is material to the business of Grantor as then conducted) in any other country or jurisdiction or (B) become the owner of any Copyright, Copyright registration, or application for Copyright registration used in the United States or any state, territory, or possession thereof or, if material to the Bartons Business as then conducted, in any other country, or

(ii) (A) obtain rights in any Mark or apply for any new Mark registration in the United States Patent and Trademark Office or in any similar office or agency of a state, territory or possession of the United States or shall obtain any Mark (which is material to the business of Grantor as then conducted) in any other country or jurisdiction or (B) become the owner of any Mark registrations or applications for any Mark used in the United States or any state, territory, or possession thereof or, if material to the Bartons Business as then conducted, in any other country, then in each such case within the foregoing clauses (i) and (ii) of this Subsection, the provisions of this Agreement shall immediately and automatically apply thereto, Grantor shall give Secured Party prompt written notice thereof, and Grantor shall Authenticate and deliver to Secured Party such Intellectual Property Security Agreements as Secured Party may request to more specifically document Secured Party's security interest therein, and Secured Party shall be entitled to register or record such Intellectual Property Security Agreements with such Governmental Authorities as Secured Party may deem necessary or advisable for purposes of giving notice of, registering or perfecting Secured Party's security interest therein. All such Core Intellectual Property shall be part of the Collateral subject to this Agreement whether or not any separate Intellectual Property Security Agreement is made for such Core Intellectual Property.

(h) Upon the occurrence of an Event of Default, Secured Party shall have the right, but shall in no way be obligated, to bring suit in Secured Party's own name to enforce the Secured Party's rights in Grantor's Core Intellectual Property and any licenses thereunder, and, if Secured Party shall commence any such suit, Grantor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents as may be reasonably required by Secured Party in aid of such enforcement, and Grantor shall indemnify and shall, upon demand, promptly reimburse Secured Party for all damages, costs and expenses incurred by Secured Party in the exercise of Secured Party's rights hereunder, including the reasonable fees and disbursements of (i) experts and (ii) attorneys (including experienced copyright, and trademark counsel) and paralegals (including charges for in-house counsel) incurred by Secured Party in connection therewith.

(i) Grantor shall, at Grantor's sole cost and expense, promptly execute and deliver, or cause the execution and delivery of, all applications, certificates, instruments, registration statements, and all other documents and papers Secured Party may request from time to time in connection with the obtaining of any consent, approval, registration, qualification, or authorization of any Governmental Authority or of any other Person necessary or appropriate for the effective exercise of any rights or remedies, with respect to Grantor's Intellectual Property, under this Agreement and the other Loan Documents.

(j) Secured Party has no obligation to preserve any rights to Grantor's Intellectual Property against any Person.

SECTION 4.02. Collateral Reports. Promptly upon Secured Party's request from time to time, Grantor shall provide Secured Party with such reports and other information regarding the Collateral as Secured Party may reasonably request.

SECTION 4.03. Records; Access. Grantor shall at all times keep and maintain complete and accurate Collateral Records concerning all Collateral in form and detail satisfactory to Secured Party. Grantor shall maintain Grantor's financial and accounting books and records, including Grantor's Collateral Records, in accordance with GAAP. Secured Party shall have unrestricted access to all of Grantor's places of business during normal business hours and after notice to Grantor, or at any time and without notice to Grantor after the occurrence of a Default, for the purpose of (i) inspecting, verifying, and auditing the Collateral and all Collateral Records, (ii) making copies of such Collateral Records, and (iii) making copies of such evidences of Collateral as may be copied, and Grantor shall promptly furnish to Secured Party such copies thereof as Secured Party may request. Secured Party shall be entitled to use during normal business hours such of Grantor's personnel, equipment, supplies, and places of business and other locations of Collateral as may be necessary, as determined by Secured Party in Secured Party's sole discretion, for the foregoing, and for the collection of Collateral and for the storage, maintenance, repair, marketing, sale, leasing, licensing, or other disposition of Collateral. All of the foregoing shall be at Grantor's sole cost and expense.

SECTION 4.04. Taxes, Assessments, Charges, and Other Impositions. Grantor shall pay and discharge promptly, on or before the date due, all taxes, assessments, charges, and other impositions imposed by any Governmental Authority on Grantor, or on the Collateral, relating to the ownership or use of the Collateral, or relating to any sale, lease, license or other disposition of the Collateral; provided, however, Grantor shall not be required to pay or discharge, or to cause to be paid or discharged, any such tax, assessment, charge, or other imposition so long as (a) the validity of such tax, assessment, charge or other imposition is being contested in good faith by Grantor by appropriate proceedings, (b) no Default or Event of Default shall have occurred, (c) Grantor shall have set aside on Grantor's books adequate reserves with respect to each tax, assessment, charge, or other imposition being so contested, and (d) the failure to pay and discharge such tax, assessment, charge, or other disposition does not create or result in

a Lien on, or impair the value of, any Collateral. Promptly upon Secured Party's request from time to time, Grantor shall provide to Secured Party receipts and other evidences of compliance with the provisions of the preceding sentence.

SECTION 4.05. Notice of Lien Proceeding. Grantor shall give Secured Party immediate written notice of (a) the threat by any Person to commence any Lien Proceeding, and (b) the commencement of any Lien Proceeding immediately upon Grantor's becoming aware of the same.

SECTION 4.06. Notice of Default. Grantor shall give Secured Party immediate written notice of any Default immediately upon Grantor's becoming aware of the same.

SECTION 4.07. Information. Grantor shall deliver to Secured Party, or cause to be delivered to Secured Party, the following:

(a) annual audited, consolidated and consolidating financial statements of Grantor and its Subsidiaries, including a balance sheet and statements of income, cash flow and owners equity, within ninety (90) days after the end of each fiscal year, certified by a nationally recognized independent public accounting firm reasonably acceptable to Secured Party (Secured Party acknowledges that Grantor's current accounting firm of Herbein & Company, Inc. is currently acceptable to Secured Party), accompanied by an unqualified opinion of Grantor's independent public accountant. In addition, within ninety (90) days after the end of each fiscal year Grantor shall also furnish Secured Party a certificate of the chief financial officer of Grantor to the effect that such person has no knowledge of any Default or Event of Default under this Agreement, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action Grantor proposes to take with respect thereto.

(b) monthly and quarterly consolidated and consolidating unaudited financial statements of the Grantor and its subsidiaries, including balance sheets and statements of income, cash flow and owners equity, within thirty (30) days after the end of each month or forty-five (45) days after the end of each of the first three (3) fiscal quarters, as the case may be, accompanied by (i) management's analysis of results, (ii) a statement of Grantor's chief executive officer or chief financial officer explaining any variation of such results from the budgeted results for such month, and (iii) a statement of Grantor's chief executive officer or chief financial officer to the effect that such person has no knowledge of any default by the Grantor under the terms of this Agreement, or if such person has such knowledge, specifying such default.

(c) monthly statements, in detail reasonably acceptable to Secured Party, of actual revenues on account of the Bartons Business, within fifteen (15) calendar days after the end of each month.

(d) with reasonable promptness upon any such request, such other information regarding the business, properties or financial or operating condition of Grantor as Secured Party may request.

SECTION 4.08. Compliance with Laws. Grantor shall comply, in all material respects, with all applicable Laws.

SECTION 4.09. Intentionally Omitted.

SECTION 4.10. Leases. Grantor shall pay all rent or other sums required by every lease to which Grantor is a party as the same becomes due and payable and perform all its obligations thereunder except where contested in good faith by lawful and appropriate proceedings and where adequate reserves therefor have been set aside.

ARTICLE V
NEGATIVE COVENANTS

Grantor covenants and agrees to the following:

SECTION 5.01. Identity. Grantor shall not change Grantor's name or corporate structure. If Grantor is organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized, Grantor shall not organize under the laws of another jurisdiction.

SECTION 5.02. Designated Locations. Grantor shall not (a) change the location of any place of business or open any new place of business, or (b) change the location of Grantor's chief executive office, or (c) store or use any Collateral at any locations other than those locations shown on Schedule 3.05 (each such change, action or event is referred to herein as a "New Location Action"), without Secured Party's prior written consent, which consent, prior to the occurrence of a Default, shall not be unreasonably withheld so long as such New Location Action shall not have an adverse effect on Secured Party's Lien and priority in the Collateral, as determined in Secured Party's discretion, and if Secured Party shall have provided such consent, then such New Location Action shall be taken only so long as (i) Grantor shall have given Secured Party at least thirty (30) days' prior written notice of the proposed New Location Action, and (ii) prior to such proposed New Location Action, Grantor shall have Authenticated and delivered, or caused to be Authenticated and delivered, to Secured Party, at Grantor's expense, such agreements, documents, and instruments as Secured Party may deem necessary or desirable in Secured Party's discretion to create or confirm and perfect Secured Party's Lien in the Collateral at such proposed new location.

SECTION 5.03. Sale, Assignment, Transfer, Factor, Other Dispositions. Grantor shall not sell, assign, lease, transfer, factor, or otherwise dispose of any Collateral or any other Property of Grantor, except that Grantor may sell (a) Equipment that is obsolete and no longer useful in Grantor's business, which sales of Equipment shall be for fair consideration and (b) Inventory to the extent that such sale is in the ordinary course of Grantor's business.

SECTION 5.04. Intentionally Omitted.

SECTION 5.05. Intentionally Omitted.

SECTION 5.06. Licenses. Other than any licenses granted to Sovereign Bank, F.S.B., or any lender who provides replacement financing as set forth in Section 5.09, the purpose of which is to sell Inventory, Grantor shall not enter into any Intellectual Property Agreements with any Person to use any Collateral (or any other Property of Grantor) without Secured Party's prior written consent.

SECTION 5.07. Abandonment, Destruction. Grantor shall not abandon or destroy any Collateral.

SECTION 5.08. Liens. Grantor shall not create, incur, assume or suffer to exist any Liens upon the Collateral other than the Liens granted to Secured Party. Grantor shall not authorize, create, incur, assume or suffer to exist any Lien Notice upon the Collateral.

SECTION 5.09. Intentionally Deleted.

SECTION 5.10. Lien Proceedings. Grantor shall not enter into or suffer to exist any agreement that would entitle any Third Party, to commence or prosecute any Lien Proceedings under any

circumstances against any Collateral. Grantor shall not assist or cooperate (or reach any accommodation in the nature of a forbearance agreement) with any Third Party, in or relating to any Lien Proceeding against any Collateral.

SECTION 5.11. Restricted Payments. Grantor shall not make any Restricted Payment.

SECTION 5.12. Subsidiaries. Grantor shall not (a) be or become a Subsidiary of any Person or (b) form or acquire or cause or permit any Person to be, a Subsidiary of Grantor.

SECTION 5.13. Consolidations; Mergers; Acquisitions. Grantor shall not (i) enter into any transaction of merger or consolidation, or reorganization, or liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or (ii) acquire by purchase or otherwise any of the outstanding capital stock of, or all or substantially all of the business, Property or assets of, any Person.

ARTICLE VI DEFAULTS

SECTION 6.01. Events of Default. Each of the following events or circumstances shall be an Event of Default under this Agreement:

- (a) if Grantor fails to pay any amount as and when due under this Agreement or the Note, whether a scheduled payment or upon the stated maturity, acceleration or otherwise; or
- (b) if any confirmation, representation or warranty made by Grantor in Sections 3.03, 3.04 or 3.06(b) of this Agreement is false or is breached in any material respect; or
- (c) if Grantor or any of the Principals shall (i) breach or otherwise fail to fulfill any covenant or agreement of Grantor in Sections 4.01, 4.05, 4.06 or 4.07(c) or in Article V of this Agreement or any similar provision in any other Loan Document or (ii) fails to perform or observe any other term, covenant agreement or condition in this Agreement or any other Loan Document or is in violation of or in non-compliance with any provision of this Agreement or any other Loan Document, and has not remedied and fully cured such non-performance, non-observance, violation of or non-compliance within thirty (30) calendar days after Secured Party has given written notice thereof to Grantor, provided that such cure period shall not apply to violations referred to in clause (i) above or any other Events of Default specifically enumerated under this Section 6.01; or
- (d) Intentionally Omitted.
- (e) the commencement of any Lien Proceeding or other proceedings against, or the seizure, repossession or other taking possession of, any Collateral or any rights therein by any Person by any action or means, including condemnation, forfeiture, foreclosure, seizure, levy, distraint, replevin or self-help, or the existence of any Lien upon any Collateral; or
- (f) if Grantor or any Guarantor or any Obligor shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or similar official of it or any substantial part of its assets, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors,

or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(g) if an involuntary case or other proceeding shall be commenced against Grantor or any Guarantor or any Obligor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days, or an order for relief shall be entered against Grantor or any Guarantor or any Obligor under the federal bankruptcy laws as now or hereafter in effect; or

(h) Intentionally Omitted.

(i) The death or termination of employment of Ross Cherry or Richard Toltzis; or

(j) Intentionally Omitted.; or

(k) the failure of Grantor to continue to operate the Bartons Business in accordance with its past operations.

ARTICLE VII ACCELERATION OF OBLIGATIONS

SECTION 7.01. Acceleration. Upon the occurrence of any Event of Default, Secured Party may, at Secured Party's option and in Secured Party's sole discretion, and without prior notice to or demand upon Grantor, accelerate the Obligations, whereupon, the Obligations shall be immediately due and payable by Grantor to Secured Party. Notwithstanding the foregoing, immediately upon any Event of Default within the scope of Section 6.01(f) or Section 6.01(g), and without notice to or demand upon Grantor or any action by Secured Party, the Obligations shall be accelerated and all Obligations shall be immediately due and payable by Grantor to Secured Party. Nothing in this Agreement shall be construed as modifying or limiting, or as prohibiting or restricting Secured Party from exercising, any right to demand immediate payment of any Obligations payable on demand (or then due and payable) in accordance with the terms of any Loan Document.

ARTICLE VIII ENFORCEMENT OF SECURITY INTEREST

SECTION 8.01. Right to Enforce Claim: Secured Party in Possession or Control.

(a) Upon the occurrence of an Event of Default, and in addition to such other rights and remedies as Secured Party may have under other provisions of this Agreement or any other Loan Document, or under common or statutory law, Secured Party may reduce a claim to judgment, foreclose, including without limitation foreclosing on the Intellectual Property, or otherwise enforce the claim or security interest by any available judicial procedure.

(b) If Secured Party has possession of Collateral (i) reasonable expenses, including the cost of insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the Collateral are chargeable to Grantor and are secured by the Collateral, (ii) the risk of accidental loss or damage is upon Grantor to the extent of a deficiency in any effective insurance

coverage, (iii) Secured Party shall keep the Collateral identifiable, but fungible Collateral may be commingled, and (iv) Secured Party may use or operate the Collateral (A) for the purpose of preserving the Collateral or its value, or (B) as permitted by an order of a court having competent jurisdiction, or (C) for the purpose of transporting the Collateral, or (D) for the purposes of demonstrating the use or operation of the Collateral.

SECTION 8.02. Collection and Enforcement. After the occurrence of a Default or an Event of Default, Secured Party may:

- (a) notify any Person obligated on Collateral to make payment or otherwise render performance to or for the benefit of Secured Party;
- (b) take any Proceeds to which Secured Party is entitled under Section 9-315 of Article 9;
- (c) enforce the obligations of any Person obligated on Collateral and exercise the rights of Grantor with respect to the obligations of any Person obligated on Collateral to make payment or otherwise render performance to Grantor, and with respect to any property that secures the obligations of any Person obligated on the Collateral.

SECTION 8.03. Possession of Collateral. (a) After the occurrence of a Default or an Event of Default, Secured Party may require Grantor to assemble the Collateral and make the Collateral available to Secured Party at a place designated by Secured Party which is reasonably convenient to Secured Party and Grantor. If Secured Party requires Grantor to assemble the Collateral and make the Collateral available to Secured Party, as described in the preceding sentence, Grantor shall do so promptly, and in any event within three (3) days after Secured Party gives Grantor a notice requesting Grantor to assemble the Collateral and make the Collateral available to Secured Party at the place designated by Secured Party.

(b) After the occurrence of a Default or an Event of Default, Secured Party may, pursuant to judicial process, or without judicial process if Secured Party proceeds without breach of peace, (1) take possession of the Collateral and/or, (2) without removal, dispose of Collateral on Grantor's premises in accordance with Section 8.04.

SECTION 8.04. Disposition of Collateral. (a) After the occurrence of a Default or an Event of Default, Secured Party may sell, lease, license, or otherwise dispose of any or all of the Collateral in its present condition or following any commercially reasonable preparation or processing.

(b) Secured Party may dispose of Collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

(c) Secured Party may purchase Collateral (1) at a public disposition or (2) if the Collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations, at a private disposition.

(d) A contract for sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like which by operation of law accompany a voluntary disposition of property of the kind subject to the contract; provided, however, Secured Party may disclaim or modify such warranties (1) in a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition, or (2) by communicating to the purchaser a Record evidencing the contract for disposition and including an express disclaimer or modification of the warranties, and provided further that a Record is sufficient to disclaim

such warranties if such Record indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import.

(e) Prior to a disposition of Collateral, Secured Party shall give Grantor, and any other parties required to receive notice under Article 9, notification as required under Article 9 before a sale, lease, license, or other disposition of Collateral.

(f) Grantor grants a royalty-free license to Secured Party for all Intellectual Property sufficient to permit Secured Party to exercise all rights granted to Secured Party under this Section and Section 8.05.

SECTION 8.05. Other Provisions Relating to Disposition of Copyrights and Marks. After the occurrence of a Default or an Event of Default, Secured Party may:

(a) at any time and from time to time, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Copyrights or Marks, throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine; and

(b) pursuant to the authority granted in the power of attorney in Article IX, execute and deliver on behalf of Grantor, in order to implement the licensing, sale or other disposition of the Copyrights or Marks, one or more instruments of assignments of the Copyrights or Marks (or any application or registration thereof) in form suitable for filing, recording or registration in any country.

SECTION 8.06. Application of Proceeds of Collection or Disposition of Collateral. After deducting all Collection Costs, the residue of any proceeds of collection, sale or other disposition of Collateral shall, to the extent actually received in cash by Secured Party, be applied to the payment of the Obligations in such order and preference as Secured Party may determine. Upon the full payment and satisfaction of all of the Obligations and after making any payment required by Section 9-608(a)(1)(C) or Section 9-615(a)(3) of the UCC any excess shall be returned to Grantor.

ARTICLE IX POWER OF ATTORNEY

SECTION 9.01. Power of Attorney: Collections by Secured Party. (a) Grantor hereby appoints Secured Party as Grantor's attorney-in-fact, with power of substitution, which appointment is irrevocable and coupled with an interest, to do each of the following in the name of Grantor or in the name of Secured Party or otherwise, for the use and benefit of Secured Party, but at the cost and expense of Grantor, and with or without notice to Grantor: (i) notify any Person obligated on the Collateral to make payments directly to Secured Party, and to take control of the cash and non-cash Proceeds of any Collateral or insurance; (ii) renew, extend or compromise any of the Collateral or deal with the same as Secured Party may deem advisable; (iii) release, exchange, substitute, or surrender all or any part of the Collateral; (iv) remove from Grantor's places of business all Collateral Records without cost or expense to Secured Party; (v) make such use of Grantor's places of business as may be reasonably necessary to administer, control and collect the Collateral; (vi) demand, collect, give receipt for, and give renewals, extensions, discharges and releases of any of the Collateral; (vii) institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (viii) settle, renew, extend, compromise, compound, exchange or adjust claims with respect to any of the Collateral or any legal proceedings brought with respect thereto; (ix) indorse the name of Grantor upon any checks, drafts, cash, and other remittances of payment relating to the Collateral or upon any proof of claim in bankruptcy

against any Person obligated on the Collateral; and (x) execute and deliver on behalf of Grantor, in order to implement the licensing, sale or other disposition of the Copyrights or Marks, one or more instruments of assignments of the Copyrights or Marks (or any application or registration thereof) in form suitable for filing, recording or registration in any country. Secured Party agrees that it shall not exercise any power or authority granted under this power of attorney unless a Default has occurred. The foregoing power of attorney is in addition to any other power of attorney that may be granted to Secured Party under any Loan Document.

ARTICLE X
BANKRUPTCY

SECTION 10.01. No Intent to File Bankruptcy. Grantor warrants and represents to Secured Party that none of Grantor, any Guarantor or any other Obligor has any present intent (a) to file any voluntary petition in bankruptcy under any Chapter of the Bankruptcy Code or directly or indirectly to cause Grantor, any Guarantor or any other Obligor to file any voluntary petition in Bankruptcy under any Chapter of the Bankruptcy Code or to have any involuntary petition in bankruptcy filed against Grantor, any Guarantor or any other Obligor under any Chapter of the Bankruptcy Code or (b) in any manner directly or indirectly to cause Grantor, any Guarantor or any other Obligor to seek relief, protection, reorganization, liquidation, dissolution, or similar relief for debtors under any federal, state, or local law, or in equity.

SECTION 10.02 Consent to Relief from Stay. Grantor further acknowledges and agrees that, if the Collateral shall ever become the subject of any bankruptcy or insolvency estate at any time prior to payment in full of the Obligations, then Secured Party shall immediately become entitled, among other relief to which Secured Party may be entitled under the Loan Documents, and at law or in equity, and Grantor hereby consents and will consent, to the entry of an order from the bankruptcy court granting immediate relief from the automatic stay pursuant to Section 362 of the Bankruptcy Code so as to permit Secured Party to exercise all of its rights and remedies pursuant to the Loan Documents, and at law and in equity, and Grantor further acknowledges and agrees that the occurrence or existence or any Default or Event of Default under this Agreement shall, in and of itself, constitute "cause" for relief from the automatic stay pursuant to Section 362(d)(1) of the Bankruptcy Code.

SECTION 10.03 No Supplemental Stay. Grantor acknowledges and agrees that in the event of the filing of any voluntary or involuntary petition in bankruptcy by or against Grantor, Grantor shall not assert or request any Person to assert that the automatic stay provided by Section 362 of the Bankruptcy Code shall operate or be interpreted to stay, interdict, condition, reduce, or inhibit the ability of Secured Party to enforce any rights it has by virtue of this Agreement or the Loan Documents, or any other rights Secured Party has, whether now or hereafter acquired, against any Person which is not a debtor in such bankruptcy proceedings or against any property owned by any such non-debtor; and further that, in the event of the filing of any voluntary or involuntary petition in bankruptcy by or against Grantor, Grantor shall not seek a supplemental stay or any other relief, whether injunctive or otherwise, pursuant to Section 105 of the Bankruptcy Code or any other provision of the Bankruptcy Code, to stay, interdict, condition, reduce, or inhibit the ability of Secured Party to enforce any rights it has by virtue of this Agreement or the Loan Documents, or at law or in equity, or any other rights Secured Party has, whether now or hereafter acquired, against any person or entity which is not a debtor in such bankruptcy proceedings, or against any property owned by any such non-debtor.

ARTICLE XI
GENERAL PROVISIONS

SECTION 11.01. *Remedies Cumulative.* Upon the occurrence of any Event of Default, and in addition to such other rights and remedies as Secured Party may have under other provisions of this Agreement or any other Loan Document, Secured Party may exercise any one or more of its rights and remedies under common or statutory law. No failure or delay on the part of Secured Party in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between Grantor or any other Obligor or other Person and Secured Party shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies which Secured Party would otherwise have and may be exercised simultaneously. No notice to or demand on Grantor in any case shall entitle Grantor or any other Obligor or any other Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Secured Party to any other or further action in any circumstances without notice or demand.

SECTION 11.02. *Secured Party's Rights to Release Obligors: etc.* Secured Party may take or release other security, may release any party primarily or secondarily liable for any Obligations or other indebtedness to Secured Party, may grant extensions, renewals or indulgences with respect to such Obligations or other indebtedness and may apply any other security therefor held by Secured Party to the satisfaction of such Obligations or other indebtedness, all without prejudice to any of Secured Party's rights under this Agreement.

SECTION 11.03. *Notices.* Any notice required or permitted by or in connection with this Agreement shall be in writing and shall be made by facsimile, or by hand delivery, or by electronic transmission (that is, "e-mail"), or by overnight delivery service, or by certified mail, return receipt requested, postage prepaid, addressed to Grantor or Secured Party as follows:

If to Grantor:

Cherrydale Manufacturing, LLC
1035 Mill Road
Allentown, Pennsylvania 18106
Fax: (610) 391-9284
Attn: Lawrence Rosen

With a copy to:

McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102
Fax: (973) 624-7070
Attn: Curtis Johnson, Esq.

If to Secured Party:

10 Valley View Drive
Mendham, NJ 07945

Notice shall be considered given as of the earlier of the date of actual receipt, or the date of the facsimile transmission without error, or the date of hand delivery, or the date of delivery to the recipient's computer, or one (1) business day after delivery to a nationally recognized overnight delivery service, or three (3) business days after the date of mailing, independent of the date of actual delivery or whether delivery is ever in fact made, as the case may be, provided the giver of notice can establish that notice was

given as provided herein. Notwithstanding the aforesaid procedures, any notice or demand upon Grantor in fact received by Grantor shall be sufficient notice or demand.

SECTION 11.04. Term. The term of this Agreement shall commence with the date of this Agreement and shall continue in full force and effect and be binding upon Grantor until all Obligations of Grantor to Secured Party shall have been fully paid and satisfied and Secured Party shall have given Grantor written notice of the termination of this Agreement (excluding provisions that by their terms survive termination of other provisions of this Agreement or survive the termination of the security interest created under this Agreement).

SECTION 11.05. Further Assurances. Grantor shall Authenticate and deliver to Secured Party such further assurances and take such other further actions as Secured Party may from time to time request to further the intent and purpose of this Agreement and the other Loan Documents and to maintain and protect the rights and remedies intended to be created in favor of Secured Party under this Agreement and the other Loan Documents.

SECTION 11.06. Amendments, Waivers and Consents; Successors and Assigns. Neither this Agreement nor any other Loan Document nor any of the terms hereof or thereof may be amended, modified, changed, waived, discharged or terminated, nor shall any consent be given, unless such amendment, modification, change, waiver, discharge, termination or consent is in writing signed by Secured Party. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the Obligations have been fully paid and satisfied and this Agreement has been terminated, (ii) be binding upon Grantor and its successors and assigns, and (iii) inure, together with the rights and remedies of Secured Party hereunder, to the benefit of Secured Party and Secured Party's successors, transferees and assigns. This Agreement may not be assigned by Grantor without prior written consent of Secured Party, which consent may be withheld in Secured Party's sole discretion.

SECTION 11.07. Entire Agreement. This Agreement and any Loan Documents Authenticated with this Agreement are a complete and exclusive expression of all the terms of the matters expressed therein, and all prior agreements, statements, and representations, whether written or oral, which relate thereto in any way are hereby superseded and shall be given no force and effect. No promise, inducement, or representation has been made to Grantor which relates in any way to the matters expressed in this Agreement and in any other Loan Document Authenticated with this Agreement, other than what is expressly stated herein and in such Loan Documents.

SECTION 11.08. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event of any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

SECTION 11.09. Governing Law. This Agreement, the other Loan Documents and all related instruments and documents and the rights and obligations of the parties hereunder and thereunder shall, in all respects, be governed by, and construed in accordance with, the internal laws of the Commonwealth of Pennsylvania, without regard to conflicts of law principles, regardless of the location of the Collateral, excepting, however, that the Uniform Commercial Code (or decisional law) of a jurisdiction other than Pennsylvania may provide the method of perfection, the effect of perfection or non-perfection, or the priority of liens and security interests created under this Agreement.

SECTION 11.10. JURISDICTION; VENUE; SERVICE. GRANTOR HEREBY IRREVOCABLY CONSENTS TO THE NON-EXCLUSIVE PERSONAL JURISDICTION OF THE

COURTS OF THE COMMONWEALTH OF PENNSYLVANIA AND, IF A BASIS FOR FEDERAL JURISDICTION EXISTS, THE NON-EXCLUSIVE PERSONAL JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA. GRANTOR AGREES THAT VENUE SHALL BE PROPER IN ANY COMMON PLEAS COURT OF THE COMMONWEALTH OF PENNSYLVANIA SELECTED BY SECURED PARTY OR, IF A BASIS FOR FEDERAL JURISDICTION EXISTS, IN ANY DIVISION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA. GRANTOR WAIVES ANY RIGHT TO OBJECT TO THE MAINTENANCE OF ANY SUIT OR CLAIM IN ANY OF THE STATE OR FEDERAL COURTS OF THE COMMONWEALTH OF PENNSYLVANIA ON THE BASIS OF IMPROPER VENUE OR INCONVENIENCE OF FORUM. ANY SUIT OR CLAIM BROUGHT BY GRANTOR AGAINST SECURED PARTY THAT IS BASED, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, ON THIS AGREEMENT OR ANY MATTERS RELATING TO THIS AGREEMENT OR THE RELATED DOCUMENTS, SHALL BE BROUGHT IN A COURT ONLY IN THE COMMONWEALTH OF PENNSYLVANIA. GRANTOR SHALL NOT FILE ANY COUNTERCLAIM AGAINST SECURED PARTY IN ANY SUIT OR CLAIM BROUGHT BY SECURED PARTY AGAINST GRANTOR IN A JURISDICTION OUTSIDE OF THE COMMONWEALTH OF PENNSYLVANIA UNLESS UNDER THE RULES OF THE COURT IN WHICH SECURED PARTY BROUGHT SUCH SUIT OR CLAIM, THE COUNTERCLAIM IS MANDATORY, AND NOT PERMISSIVE, AND WOULD BE CONSIDERED WAIVED UNLESS FILED AS A COUNTERCLAIM IN THE CLAIM OR SUIT INSTITUTED BY SECURED PARTY AGAINST GRANTOR.

SECTION 11.11. *Severability.* Any provision of this Agreement, or of any other Loan Document, that is prohibited by, or unenforceable under, the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability, without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, Grantor hereby waives any provision of Law which renders any provision of this Agreement or any other Loan Document prohibited or unenforceable in any respect.

SECTION 11.12. *Counterparts.* This Agreement may be Authenticated in counterparts and each shall be effective as an original, and a photocopy, facsimile or teletype of this Authenticated Agreement shall be effective as an original. In making proof of this Agreement, it shall not be necessary to produce more than one counterpart, photocopy, facsimile, or teletype of this Authenticated Agreement.

SECTION 11.13. *Time: Miscellaneous.* Time is of the essence of this Agreement. Terms used in this Agreement shall be applicable to the singular and plural, and references to gender shall include all genders.

SECTION 11.14. *WAIVER OF JURY TRIAL.* GRANTOR AND SECURED PARTY MUTUALLY WAIVE ALL RIGHT TO TRIAL BY JURY OF ALL CLAIMS OF ANY KIND ARISING UNDER THIS AGREEMENT OR THE RELATED DOCUMENTS. GRANTOR AND SECURED PARTY ACKNOWLEDGE THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT GRANTOR AND SECURED PARTY EACH MAKE THIS WAIVER VOLUNTARILY AND KNOWINGLY AFTER CONSULTATION WITH COUNSEL OF ITS CHOICE. GRANTOR AND SECURED PARTY AGREE THAT ALL SUCH CLAIMS SHALL BE TRIED BEFORE A JUDGE OF A COURT HAVING JURISDICTION, WITHOUT A JURY.

SECTION 11.15. *Secured Party's Costs and Expenses.* Prior to or contemporaneously with the execution of this Agreement, Grantor shall pay to Secured Party all costs and expenses incurred by

Secured Party in connection with this transaction, including without limitation all appraisal fees and attorneys' fees and expenses.

SECTION 11.16. Effect of Amendment and Restatement. From and after the date of this Agreement: (a) the terms and conditions of the Existing Security Agreement shall be amended as set forth herein and, as so amended, shall be restated in their entirety, but only with respect to the rights, duties and obligations between the Grantor and the Secured Party accruing from and after the date of this Agreement; (b) this Security Agreement shall not in any way release or impair the rights, duties, obligations or Liens created pursuant to the Existing Security Agreement (and such Liens shall continue without any diminution thereof and shall remain in full force and effect on and after the date of this Agreement) or affect the relative priorities thereof, in each case to the extent in force and effect thereunder as of the date of this Agreement, and all of such rights, duties, obligations and Liens are assumed, ratified and affirmed by the Grantor; (c) the execution, delivery and effectiveness of this Security Agreement shall not operate as a waiver of any right, power or remedy of the Secured Party under the Existing Security Agreement, nor constitute a waiver of any covenant, agreement or obligation under the Existing Security Agreement, except to the extent that any such covenant, agreement or obligation is no longer set forth herein or is modified hereby; and (d) any and all references to the Existing Security Agreement in any Loan Document shall, without further action of the parties, be deemed a reference to this Security Agreement, and as this Security Agreement shall be further amended, restated, supplemented or otherwise modified from time to time.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, and intending to be legally bound hereby, Grantor Authenticates this Agreement under seal as of the date first above written.

GRANTOR:

WITNESS/ATTEST:

CHERRYDALE MANUFACTURING, L.L.C.,
a Delaware limited liability company

Nelli Mahabun

By: *Lawrence Rosen*
Lawrence Rosen
Chairman

STATE OF NEW JERSEY)
) SS:
CITY/COUNTY OF ESSEX)

I HEREBY CERTIFY that on this 18 day of SEPTEMBER, 2006, before me, the undersigned officer, personally appeared Lawrence Rosen, who acknowledged himself/herself to be the Chairman of Cherrydale Manufacturing, L.L.C., a Delaware limited liability company, and that (s)he, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of Cherrydale Manufacturing, L.L.C. as _____ of Cherrydale Manufacturing, L.L.C.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial Seal.

CARMEN AIELLO
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 2/2/2010

Carmen Aiello
Notary Public

My Commission expires: _____

Attachments:

Schedule A (Trademarks)
Schedule 3.05 (Locations)

Schedule A: Trademarks

Mark	U.S. Application No. or U.S. Registration No.
ALMOND KISSES	2,014,633
AMERICANA	690,644
BARTONETTES	1,844,601
BARTON'S (Stylized)	669,032
BARTONS BONBONNIERE	1,937,678
BARTONS DESSERT CLASSICS	2,923,935
BARTONS GEM CLASSICS	2,971,944
BARTONS TOPPERS	2,921,299
BONBONNIERE	2,195,935
DESERT CLASSICS	2,952,677
GEM CLASSICS	2,921,300
LOLLYCONES	625,961
NEW YORKER	2,971,212
BARTONS (without apostrophe)	N/A
BARTONS PLATINUM	N/A
MEGA MUNCH	N/A
TOPPER'S TRIO	N/A
GRIZZLY PAWS	N/A
PANDA PAWS	N/A
CUBBY PAWS	N/A
B BARTONS CONFECTION CLASSICS & Design	N/A
TIGER PAWS	N/A
BLACK BEAR PAWS	N/A
EUROPA ASSORTMENT	N/A
GRANDMA BARTON'S	N/A
ARTIC PAWS	N/A
B Design	N/A

Schedule 3.05
Locations of Collateral

1100 Mill Road, Allentown, Pennsylvania
1035 Mill Road, Allentown, Pennsylvania
100 Anderson Place, Olney, Texas