

**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
S.B. Phillips LLC		09/10/2010	LIMITED LIABILITY COMPANY: MARYLAND

**RECEIVING PARTY DATA**

Name:	Shirley F. Phillips Revocable Trust
Street Address:	2004 Philadelphia Avenue
City:	Ocean City
State/Country:	MARYLAND
Postal Code:	21842
Entity Type:	TRUST: MARYLAND

**PROPERTY NUMBERS Total: 11**

Property Type	Number	Word Mark
Registration Number:	1698217	PHILLIPS BY THE SEA
Registration Number:	0970391	PHILLIPS CRAB HOUSE
Registration Number:	1699629	PHILLIPS HARBORPLACE
Registration Number:	1106334	PHILLIPS SEAFOOD HOUSE
Registration Number:	2395764	PHILLIPS SEAFOOD RESTAURANTS
Registration Number:	1125048	PHILLIPS
Registration Number:	3433005	PHILLIPS MAJESTIC BLUE
Serial Number:	78967888	PHILLIPS
Serial Number:	78609533	PHILLIPS FLAGSHIP
Serial Number:	77545688	PHILLIPS
Registration Number:	3815115	PHILLIPS

**CORRESPONDENCE DATA**

Fax Number: (301)575-0335

**900174271**

**TRADEMARK  
 REEL: 004298 FRAME: 0718**

**CH \$290.00 1698217**

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

Phone: 301-575-0302  
Email: jwachs@offitkurman.com  
Correspondent Name: Jonathan R. Wachs  
Address Line 1: 8171 Maple Lawn Boulevard  
Address Line 2: Suite 200  
Address Line 4: Maple Lawn, MARYLAND 20759

ATTORNEY DOCKET NUMBER:	22797.001
NAME OF SUBMITTER:	Jonathan R. Wachs
Signature:	/Jonathan R. Wachs/
Date:	10/19/2010

**Total Attachments: 8**

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## TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Trademark Security Agreement") is made as of this 10th day of September, 2010, by and between S.B. PHILLIPS LLC, a Maryland limited liability company, with a mailing address for purposes of this Trademark Security Agreement of 1215 East Fort Avenue, Baltimore, Maryland 21230 (the "Grantor"), and Paul J. McKinley and Harry T. Murphy, co-trustees of the Shirley F. Phillips Revocable Trust, or their successors under that certain Trust Agreement dated January 21, 1998, as amended pursuant to all amendments thereto, with a mailing address for purposes of this Trademark Security Agreement of 2004 Philadelphia Avenue, Ocean City, Maryland 21842, Attention Paul McKinley (the "Lender").

### WITNESSETH:

WHEREAS, the Lender has made a loan of \$5,500,000 (the "Loan") to Stephen B. Phillips (the "Borrower") and the Borrower has executed and delivered that certain Promissory Note in the face principal amount of \$5,500,000 payable to the order of the Lender (as amended, the "Note");

WHEREAS, the Grantor has agreed to secure the Borrower's obligations under the Note pursuant to the terms and provisions of this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees as follows:

1. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. As security for the Secured Obligations (hereinafter defined) the Grantor hereby grants to the Lender a continuing security interest in all of the Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Trademark Collateral"):

(a) all of its trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications other than the Excluded Trademarks (defined below), including the trade names, registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule I, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of Grantor's business symbolized by the foregoing and connected therewith, and (v) all the Grantor's rights corresponding to the foregoing throughout the world (collectively, the "Trademarks"), and (vi) all rights of Grantor under or interest in any of the Trademarks, including license agreements with any other party, whether the Grantor is a licensee or licensor under any such license agreement (collectively, the "Trademark Licenses" and each a "Trademark License");

(b) all reissues, continuations or extensions of the foregoing;

(c) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License; and

(d) all products and proceeds of the foregoing, including any claim by the Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any

Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License.

Notwithstanding the foregoing, this Trademark Security Agreement shall not constitute a grant of a security interest in any intent-to-use United States trademark application for which an amendment to allege use or statement of use has not been filed and accepted by the United States Patent and Trademark Office (provided that each such intent-to-use application shall be considered Trademark Collateral immediately and automatically upon such filing and acceptance).

The Grantor and the Lender hereby acknowledge and agree that the Grantor is in the process of assigning and transferring certain trademarks to Phillips Foods, Inc., a Maryland corporation ("Phillips") (collectively, the "Excluded Trademarks") and that Grantor has previously disclosed to the Lender such Excluded Trademarks and the assignment and transfer thereof to Phillips. Notwithstanding anything to the contrary set forth herein, the Lender and the Grantor hereby acknowledge and agree that (a) the Excluded Trademarks shall be listed on Schedule 2, attached hereto and made part hereof by this reference; (b) the Excluded Trademarks shall not otherwise be subject to the lien and encumbrance of this Trademark Security Agreement or any of the other terms and provisions of this Trademark Security Agreement; and (c) nothing in the Trademark Security Agreement shall prohibit or otherwise restrict the transfer of the Excluded Trademarks from Grantor to Phillips.

2. SECURITY FOR OBLIGATIONS; REMEDIES. This Trademark Security Agreement and the security interest created hereby secures the following obligations of the Borrower: all present and future indebtedness, liabilities and obligations of any kind and nature whatsoever of the Borrower to the Lender both now existing and hereafter arising under, as a result of, on account of, or in connection with, (a) Loan, and (b) the Note, including, without limitation, principal, interest, indemnities, fees, late charges, enforcement costs, penalties, reimbursements, attorneys' fees and other costs and expenses whether direct, contingent, joint, several, matured or unmatured (collectively, the "Secured Obligations"). The occurrence of any one or more of the following events shall constitute a default under the provisions of this Trademark Security Agreement, and the term "Event of Default" shall mean, whenever it is used in this Agreement (a) Borrower's failure to pay the Secured Obligations within five (5) days, (b) the Grantor's failure to otherwise perform hereunder and such failure shall continue for a period of thirty (30) days, or (c) an Event of Default under the Assignment (hereinafter defined). Upon the occurrence and during the continuance of an Event of Default the Lender may exercise in respect of the Trademark Collateral, in addition to any rights or remedies otherwise available to it, all the rights and remedies of a secured party on default under the Maryland Uniform Commercial Code or any other applicable law. The Grantor hereby designates the Lender as attorney-in-fact to, upon the occurrence and during the continuance an Event of Default, sign the Grantor's name on any assignment to be filed with the United States Patent and Trademark Office, transferring the Trademarks to the Lender or to such person as the Lender may designate, and to do such other acts as may be required to accomplish the intent of this Trademark Security Agreement. Not in any way limiting the foregoing, the Lender upon the occurrence and during the continuance an Event of Default shall have the right to collect any and all license fees and royalties associated with the Trademarks directly from any and all licensees. As used herein, the term "Assignment" means that certain Collateral Assignment of Trademarks dated as of the date hereof by and between the Grantor and the Lender.

3. Indemnity and Expenses. The Grantor agrees to indemnify the Lender against all claims, lawsuits and liabilities (including reasonable attorneys' fees) growing out of or resulting from this Trademark Security Agreement (including enforcement of this Trademark Security Agreement), except claims, losses or liabilities resulting from the gross negligence or willful misconduct of the Lender. Grantor shall pay to the Lender all the reasonable expenses which the Lender may incur in connection with the sale of or other realization upon, any of the Trademark Collateral in accordance with this

Trademark Security Agreement and the exercise or enforcement of any of the rights of the Lender hereunder.

4. REPRESENTATIONS AND WARRANTIES; COVENANTS. The Grantor hereby represents, warrants, covenants and agrees as follows:

(a) The exact legal name of the Grantor is set forth above. The Grantor's state-issued organizational identification number is W10650273.

(b) As of the date hereof, the Grantor does not own any Trademarks except as set forth on Schedule I. This Agreement is effective to create a valid and continuing lien on the Trademark Collateral and, upon filing of this Trademark Security Agreement with the United States Patent and Trademark Office, and the filing of an appropriate financing statement with the Maryland State Department of Assessments and Taxation, such lien will be perfected. The Grantor authorizes the filing by the Lender of financing or continuation statements, or amendments thereto, and the Grantor will execute and deliver to the Lender such other instruments or notices, as may be necessary or as the Lender may reasonably request, in order to perfect and preserve the security interest granted hereby. Grantor shall not sell or assign (by operation of law or otherwise) or grant any option with respect to, any of the Trademark Collateral, or create or permit to exist any lien upon the Trademark Collateral without the Lender's written consent.

5. GOVERNING LAW; WAIVER OF JURY TRIAL. This Trademark Security Agreement shall be construed in accordance with and governed by the laws of the State of Maryland.

6. AUTHORIZATION TO SUPPLEMENT. If the Grantor shall obtain rights to any new trademarks, the provisions of this Trademark Security Agreement shall automatically apply thereto. Grantor shall give notice in writing to the Lender with respect to any such new trademarks within thirty (30) days of acquiring or obtaining rights to such new trademarks and shall do such acts or things deemed reasonably necessary or desirable by the Lender to evidence, perfect and protect the Lender's security interest therein.

7. COUNTERPARTS. This Trademark Security Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument. Any signatures delivered by a party by facsimile transmission or other electronic transmission shall be deemed an original signature hereto.

8. NOTICES. All notices, requests or demands which any party is required or may desire to give to any other party under any provision of this Trademark Security Agreement must be in writing, hand delivered, sent by nationally recognized overnight courier or mailed, addressed to the Lender and to the Grantor, at the addresses set forth in the initial paragraph to this Trademark Security Agreement.

9. CONSTRUCTION. Any reference in this Trademark Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein to any person shall be construed to include such person's successors and assigns.

10. LIMITED RECOURSE. Lender, by its acceptance of this Trademark Security Agreement, hereby acknowledges and agrees that Lender shall only have recourse to the Trademark

Collateral to satisfy the obligations and liabilities of the Grantor hereunder and shall not have recourse to any other assets or property of the Grantor.

GRANTOR'S SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT

IN WITNESS WHEREOF, the Grantor has executed this Trademark Security Agreement as of the date first set forth above.

GRANTOR:

S.B. PHILLIPS LLC

By: Phillips Foods, Inc.

By:  \_\_\_\_\_

Name: Dean E. Flowers

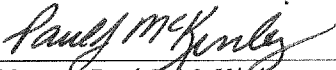
Title: Executive Vice President and Chief financial Officer

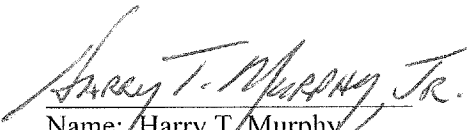
LENDER'S ACCEPTANCE OF TRADEMARK SECURITY AGREEMENT

The Lender hereby accepts and acknowledges this Trademark Security Agreement as of the date first set forth above.

LENDER:

SHIRLEY F. PHILLIPS REVOCABLE TRUST, U/A DATED JULY 5, 2006



By:   
Name: Paul J. McKinley  
Title: Trustee

By:   
Name: Harry T. Murphy  
Title: Trustee



SCHEDULE I  
to  
TRADEMARK SECURITY AGREEMENT

Trademark Registrations/Applications

Grantor	Country	Mark	Application/ Registration No.	App-Reg Date
S.B. Phillips LLC	USA	Phillips by the Sea	74187940/ 1698217	7/24/91 - 6/30/1992
S.B. Phillips LLC	USA	Phillips Crab House	72427126/ 970391	06/13/1972- 10/9/1973
S.B. Phillips LLC	USA	Phillips Harborplace	74187617/ 1699629	7/23/1991 – 7/7/1992
S.B. Phillips LLC	USA	Phillips Seafood House	73/136570/ 1106334	8/5/77- 11/14/78
S.B. Phillips LLC	USA	Phillips Seafood Restaurants	75/836763/ 2395764	11/01/1999 – 10/17/2000
S.B. Phillips LLC	USA	Phillips	73/136571/ 1125048	8/5/1977 – 9/11/1979
S.B. Phillips LLC	USA	Phillips Majestic Blue	78/803376/ 3433005	1/31/2006 - 5/20/2008
S.B. Phillips LLC	USA	Phillips	78/967888 pending	9/6/2006 – pending
SB Phillips LLC	USA	Phillips Flagship	78/609533/ 324635	4/15/2005 – 5/22/2007
SB Phillips LLC	USA		77/545688/ [Second extension]	8/13/2008 – pending
SB Phillips LLC	USA		77/548200/ 3815115	8/15/2008 – 7/6/2010

Trade Names

None

Common Law Trademarks

None

**SCHEDULE B**

**EXCLUDED TRADEMARKS (TO BE ASSIGNED TO PHILLIPS FOODS, INC.)**

COUNTRY	MARK	OWNER	STATUS	APPL. NO.	APPL. DATE	REG. NO.	REG. DATE	CLASSES
U.S.A.	STEAMER CREATIONS	S.B. Phillips LLC (to be assigned to Phillips Foods, Inc.)	Registered	77/360,287	12/27/2007	3803625	06/15/2010	29
U.S.A.	COASTAL CRAB CAKE	S.B. Phillips LLC (to be assigned to Phillips Foods, Inc.)	Registered	77/373,263	01/16/2008	3480504	08/05/2008	29

**TRADEMARK**

**REEL: 004298 FRAME: 0727**

**RECORDED: 10/19/2010**