

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM311099

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Herr Holdings Inc.		07/15/2014	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Fulton Bank, N.A.		
Street Address:	One Penn Square, PO Box 4887		
City:	Lancaster		
State/Country:	PENNSYLVANIA		
Postal Code:	17604		
Entity Type:	National banking association: UNITED STATES		
PROPERTY NUMBERS Total: 29			
Property Type	Number	Word Mark	
Serial Number:	86228349	WAFFLE WORKS WW	
Serial Number:	86289288	PRETZLERS	
Serial Number:	86248167	SNACK FRESH	
Serial Number:	86247021	GO LITE!	
Serial Number:	86130714	GOODNESS NATURED	
Serial Number:	86108404	ALL NATURAL GOODNESS NATURED	
Registration Number:	4534458	HIPPIY HOLLOW	
Registration Number:	4515474	EARTH CRUNCH	
Registration Number:	4195408	HONEST, HARD WORKING FLAVORS	
Registration Number:	4176534	DON'T WAIT FOR THE WHISTLE, START YOUR M	
Registration Number:	4161767	THE FLAVOR MILL	
Registration Number:	4014670	1853	
Registration Number:	3390017	HIS	
Registration Number:	3895453	SNACK SENSATIONS	
Registration Number:	3854563	FRESH COUNTS	
Registration Number:	4088245	RIGHT FIT	
Registration Number:	3789710	HERR'S CHIPPER	
Registration Number:	3674187	SNACK FRIEZ	
Registration Number:	3385051	LIVE LIFE WITH FLAVOR	
Registration Number:	3578748	THE NEW YORKER	
TRADEMARK			

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Property Type	Number	Word Mark
Registration Number:	2984750	HERR'S
Registration Number:	2905866	HERR'S BITE SIZE DIPPERS TORTILLA CHIPS
Registration Number:	2415602	HERR'S OLD FASHIONED HANDCOOKED POTATO C
Registration Number:	2309408	HERR'S CHIPPER
Registration Number:	1563555	MAKE HERR'S YOURS
Registration Number:	1460244	HERR'S PENNSYLVANIA DUTCH STYLE POTATO C
Registration Number:	1078502	HERR'S
Registration Number:	1078501	HERR'S
Registration Number:	0938966	FLAVOR MILL

CORRESPONDENCE DATA

Fax Number: 7172914660

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Phone: 717-399-1503

Email: ipdocket@barley.com

Correspondent Name: Scott F. Landis

Address Line 1: 126 East King Street

Address Line 4: Lancaster, PENNSYLVANIA 17602

ATTORNEY DOCKET NUMBER: 2213-1333

NAME OF SUBMITTER: Scott F. Landis

SIGNATURE: /scott f. landis/

DATE SIGNED: 07/18/2014

Total Attachments: 19

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is made as of July 15, 2014, by and between **HERR FOODS INCORPORATED**, a Pennsylvania corporation and **HERR HOLDINGS INC.**, a Delaware corporation (collectively, the "**Company**"); and **FULTON BANK, N.A.**, as agent (in such capacity, together with its successors in such capacity, the "**Agent**") under the Loan Agreement as hereinafter defined, for the lenders identified therein (the "**Lenders**").

RECITALS

A. The Lenders have agreed to make certain credit facilities available to Herr Foods Incorporated pursuant to the terms and subject to the conditions of the Loan Agreement (as hereinafter defined).

B. The Company, in order to secure such credit facilities, shall grant to the Agent a perfected security interest in the Collateral (as hereinafter defined), as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises contained herein and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Incorporation of Defined Terms. Any capitalized terms used herein but not defined herein shall have the meanings given to them in the Loan Agreement. Terms defined herein are set forth in paragraph 10 below.

2. Security Interest.

a. Grant of Security Interest in Collateral. For value received and to secure the payment to the Agent and the prompt performance of the Obligations, the Company hereby grants to Agent a security interest in the Collateral.

b. Perfection of Security Interests.

(i) The Company hereby authorizes the Agent to file, at the Company's cost and expense, such financing statements (including, without limitation, UCC-1 financing statements, UCC-3 continuation statements, and UCC-3 amendment statements) without the Company's signature, for filing in such filing offices as Agent deems necessary, in its sole discretion, to perfect, or maintain the perfection of, the Agent's security interest in the Collateral.

(ii) In addition to the authorization granted in favor of the Agent under Section 2(b)(i) hereof but subject to the limitation set forth in Section 2(b)(iii) below, the Company shall, at its cost and expense, execute and deliver (or cause to be executed and delivered) to Agent, concurrently with the execution of this Agreement, and at any time or times hereafter at the request of the Agent, all assignments, certificates of title, conveyances, assignment statements, financing statements, renewal financing statements, continuation statements, security agreements, affidavits, notices and all other agreements, instruments and

documents that the Agent may reasonably request, in form and substance satisfactory to the Agent, and shall take any and all other steps reasonably requested by the Agent, in order to perfect and maintain the security interests granted herein by the Company to the Agent and in order to fully consummate all of the transactions contemplated herein and under any Other Agreements. Without limiting the generality of the foregoing, at the request of the Agent at any time and at the cost and expense of the Company, the Company shall execute and deliver a collateral assignment (in form and substance satisfactory to the Agent) evidencing the Agent's perfected first-priority security interest in any portion or all of the Intellectual Property Collateral, and cause such collateral assignment to be recorded with any recording, filing or similar office required by the Agent (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office).

(iii) Notwithstanding anything to the contrary in this Agreement, the Loan Agreement, or the Other Agreements, the Company is not and will not be obligated to provide the Lenders with an agreement granting the Agent or the Lenders control over the Company's Investment Property and the Company is and will be free to trade its Investment Property without the Agent's or the Lenders' consent.

c. Goods in Possession of Bailee. At the Agent's request, the Company shall obtain an acknowledgment, in form and substance satisfactory to the Agent, of any bailee having possession of any of the Collateral other than the Company's Investment Property that the bailee holds such Collateral for the Agent, in order for the Agent to receive a perfected first-priority security interest therein as required by the UCC.

d. Power of Attorney. The Company does hereby irrevocably make, constitute and appoint the Agent and any of its officers, employees or agents as the true and lawful attorneys of the Company with power to:

(i) Except for a document giving the Agent or the Lenders control over any of the Company's Investment Property, sign the name of the Company on any financing statement, renewal financing statement, notice or other similar document which, in the Agent's opinion, must be filed in order to perfect or continue perfected the interests granted in this Agreement or any Other Agreements.

(ii) Neither the Agent nor any attorney will be liable for any act of commission or omission nor for any error of judgment or mistake of fact or law arising from or relating to the exercise of the powers granted in this Section 4, except and to the extent that a court of competent jurisdiction determines, pursuant to a final order, that such act of commission or omission constitutes gross negligence, or willful misconduct. This power, being coupled with an interest, is irrevocable so long as any of the Obligations remain unpaid or unsatisfied.

e. Additional Collateral; Right of Set-Off. Funds of the Company on deposit with the Agent or any Lender (or any Affiliate of the Agent or a Lender), and Collateral of any nature and the cash and noncash Proceeds thereof owned by the Company or in which the Company has an interest, which now or hereafter are in the possession or control of the Agent or any Lender (or any Affiliate of the Agent or a Lender), shall at all times constitute additional security and Collateral for the Obligations and may be set off against the Obligations upon the occurrence of an Event of Default.

3. Priority.

a. Lien Status. The Company represents and warrants that, except for Permitted Encumbrances, the security interests and other rights granted to the Agent hereunder, when properly perfected by Agent by filing or other means of perfection required or permitted by the UCC, shall at all times constitute valid and perfected first-priority security interests vested in the Agent in and upon all of the Collateral, that such Collateral, except for the Permitted Encumbrances, is free and clear of all security interests, liens, encumbrances and claims of all other Persons, and that once properly perfected by Agent such security interests and other rights granted to the Agent hereunder shall not become subordinate or junior to the security interests, liens, encumbrances or claims of any other Person including, without limitation, the United States or any department, agency or instrumentality thereof, or any state, county or local governmental agency.

b. Other Liens. Except to the extent expressly permitted under the Loan Agreement, the Company shall not grant (without the prior written approval of Agent) a security interest in or permit a lien or encumbrance upon any of the Collateral to anyone except the Agent.

4. The Company's Organizational Information.

a. State of Organization/Name. Herr Foods Incorporated is an entity formed and existing in good standing in the Commonwealth of Pennsylvania. Herr Holdings Inc. is a corporation formed and existing in good standing in the State of Delaware.

b. Notifications. The Company will notify the Agent in writing at least 30 days prior to any change in: (i) any Company's chief executive office; (ii) any Company's name or identity; or (iii) any Company's organizational structure or organizational jurisdiction. The Company shall promptly notify the Agent of any claims or alleged claims of any other person or entity to the Collateral or the institution of any litigation, arbitration, governmental investigation or administrative proceedings against or affecting the Collateral, which, if determined adversely to the Company, would have a Material Adverse Effect.

5. Accounts.

a. Representations and Warranties. The Company represents and warrants that:

(i) it is now and at all times hereafter shall be the absolute owner, free and clear of all liens, encumbrances and security interests, of the Accounts, except for (i) the liens and security interests granted herein, and (ii) the Permitted Encumbrances; and

(ii) (1) every Account will be a good and valid Account representing a bona fide indebtedness of a debtor to the Company, (2) there are and will be no defenses, setoffs, or counterclaims of any nature whatsoever against any Account, except for defenses, set-offs, or counterclaims which arise in the ordinary course of the Company's business, and (3) no agreement, under which any deduction, discount, allowance or special terms of payment may be claimed, has been or will be made with the debtor on any Account, except for discounts which arise in the ordinary course of the Company's business and any other special agreements which have been disclosed by the Company to the Agent prior to the date hereof.

b. Collections. The Company may collect its Accounts but only in the ordinary course of its business. Upon the occurrence of an Event of Default, the Agent shall have the right (i) to notify all account debtors and obligors of Accounts of the Company that the Agent has a security interest therein and that such Accounts have been assigned to Agent, (ii) to direct all such account debtors to make payments to the Agent of all sums owing by them to the Company, (iii) to sign the name of the Company on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, notices of assignment, verifications of accounts and notices to account debtors, and (iv) to take or bring at the Company's cost, in its name or in the name of the Agent, all steps, actions and suits reasonably deemed by the Agent necessary or desirable to effect collections of Accounts, to enforce payment of any Account, to settle, compromise, sell, assign, discharge or release, in whole or in part, any amounts owing on Accounts, to prosecute any action or proceeding with respect to Accounts, to extend the time of payment of any and all Accounts, and to make allowances and adjustments with respect thereto. All collections made by the Company after the exercise of such power by the Agent shall be held in trust by the Company for the Agent. All checks and other evidences of payment received by the Agent shall be subject to an Agent clearance of three (3) days.

c. Inspection of Documents. In the Event of Default, the Company, at such intervals as the Agent may determine, shall permit representatives of the Agent to inspect all invoices and other documents relating to Accounts; provided, however, that such inspections shall not interfere unreasonably with the Company's operations.

d. Segregation of Funds. After exercise by the Agent of its power to revoke the Company's right of collection of Accounts pursuant to Section 5(b) hereof:

(i) the Company shall keep all collections separate and apart from all other funds and property. Such funds shall be delivered to the Agent at the time and in the form designated by the Agent;

(ii) all collections of Accounts shall be set forth on itemized schedules, showing the name of the account debtor, the amount of each payment, and such other information as the Agent may request; and

(iii) the Proceeds of the collections when received by the Company shall be deposited into an account designated by the Agent. This account shall be subject to the sole and exclusive control of the Agent and the Agent shall have the right at all times in its sole discretion to apply all or part of the monies in said account on payment of the Obligations. The Agent, in its sole discretion, may (but shall have no obligation to) release to the Company all or any part of the monies held in such account.

6. Equipment/Inventory.

a. Representations. The Company represents and warrants that it is now, and at all times hereafter shall be, the sole owner, free and clear of all liens, encumbrances and security interests, except the security interests granted or permitted herein and the Permitted Encumbrances, of indefeasible title to its Equipment and Inventory.

b. Maintenance of Equipment. Except for depreciation and obsolescence or as otherwise restricted as a result of any limitations in the Loan Agreement or the Other Agreements now or hereafter existing on the Company's ability to spend funds on capital maintenance and improvements, the Company will keep its Equipment in good repair and maintained in a state of high operating efficiency, and will make all necessary repairs, replacements of and renewals so that the value and operating efficiency thereof shall at all times be maintained and preserved in a manner consistent with good management.

7. Intellectual Property Collateral.

a. Representations and Warranties Regarding Intellectual Property Collateral. Company represents and warrants to Agent that:

(i) Exhibit "A" hereto is a complete and accurate list as of the date hereof of all copyright registrations and copyright applications owned by the Company, showing, as of such date, the registration number and date of registration therefor or the application number and date of application therefor, respectively. Exhibit "A" hereto also contains a complete and accurate list as of the date hereof of all trademark and service mark registrations and all trademark and service mark applications owned by the Company, showing, as of such date, the jurisdiction of registration or application thereof, the registration number and date of registration thereof or the application number and date of application therefor, respectively. Exhibit "A" hereto also contains a complete and accurate list as of the date hereof of all patents and all patent applications owned by the Company, showing, as of such date, the patent number thereof and date of the patent or the application number and date of application therefor, respectively, and the date of expiration thereof.

(ii) All of the copyright registrations, trademark or service mark

registrations and patents of the Company set forth on Exhibit "A" hereto are subsisting and have not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and, to the knowledge of the Company, are valid, registrable and enforceable. All of the copyright applications, trademark or service mark applications, and patent applications of the Company set forth on Exhibit "A" hereto are pending and have not been abandoned. To the best of its knowledge, the Company has used reasonable and proper statutory notice in connection with its use of each copyright, each registered trademark and service mark and each patent set forth on Exhibit "A" hereto. Except for any liens created or expressly permitted under the Loan Documents and this Agreement, the Company is the exclusive owner of the entire and unencumbered right, title and interest in and to the Intellectual Property Collateral and is entitled to use all such Intellectual Property Collateral in the continued operation of the business of the Company. The Company is not aware of any use of any of the items of Intellectual Property Collateral that could reasonably be expected to result in such item becoming subject to a claim of infringement by a third party or becoming invalid or unenforceable, including unauthorized uses by third parties and uses that were not supported by the goodwill of the business connected with such Intellectual Property Collateral. The Company has not granted any license, release, covenant not to sue or nonassertion assurance to or in favor of any Person with respect to any of the Intellectual Property Collateral, other than the Licenses described herein. No claims or actions have been asserted or are pending or threatened against the Company or, to the knowledge of the Company, against any third party (i) based upon or challenging or seeking to deny or restrict the use of any of the Intellectual Property Collateral, (ii) alleging that any services provided by, processes used by, or products manufactured or sold by the Company infringe on any patent, trademark, copyright, or any other right of any third party or (iii) alleging that the use of such Intellectual Property Collateral does or may infringe upon the rights of any third party. To the best of the Company's knowledge, no Person is currently engaging in any activity that infringes upon the Intellectual Property Collateral or upon the rights of the Company therein.

(iii) All of the Licenses of the Company set forth in Exhibit "A" hereto are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and, to the best knowledge of the Company, are valid and enforceable. With respect to each of the license agreements of the Licenses: (i) such license agreement is valid and binding and in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license agreement; (ii) such license agreement will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the rights and interest granted herein, nor will the grant of such rights and interest constitute a breach or default under such license agreement or otherwise give the licensor or licensee a right to terminate such license agreement; (iii) the Company has not received any notice of termination or cancellation under such license agreement; (iv) the Company has not received any notice of a breach or default under such license agreement, which breach or default has not been cured; (v) the Company has not granted to

any other third party any rights, adverse or otherwise, in conflict with the terms of such license agreement; and (vi) neither the Company nor, to the best knowledge of the Company, any other party to such license agreement is in breach or default of such license agreement, and, to the best knowledge of the Company, no event has occurred that, with the giving of notice or the passage of time, or both, would constitute such a breach or default of, or permit the termination, modification or acceleration under, such license agreement. No actions have been asserted, or are pending or threatened, against the Company challenging or seeking to deny or restrict the use by the Company of any of the licensed Intellectual Property Collateral, or alleging that any licensed Intellectual Property Collateral is being licensed, sublicensed or used in violation of any patent, trademark, copyright or any other right of any third party. The execution, delivery and performance of this Agreement and the other Loan Documents, and the consummation of the transactions contemplated hereby and thereby, will not result in the termination or impairment of any of the Licenses.

b. Covenants Regarding Intellectual Property Collateral. Company hereby covenants and agrees as set forth below:

(i) as soon as practicable and in any event within ten (10) Business Days after filing any copyright application with the United States Copyright Office or any other applicable filing or recording office therefor or acquiring any copyright application or registration, the Company shall deliver to the Agent (i) written notice thereof, together with a copy of the application for copyright registration in respect thereof, and, if applicable, the certificate of registration for any such acquired copyright (and, upon the giving of such notice, Exhibit "A" hereto shall be automatically amended and supplemented to include such copyright application or registration), and (ii) upon request by Agent, a Copyright Security Agreement for recordation in the United States Copyright Office, duly executed by the Company, together with such other instruments or documents as may be necessary or as the Agent may deem reasonably desirable in order to perfect and protect the security interest granted or purported to be granted hereunder in such Intellectual Property Collateral.

(ii) as soon as practicable and in any event within forty-five (45) days after filing any trademark or service mark or patent application with the United States Patent and Trademark Office or any other applicable filing or recording office therefor or acquiring any trademark or service mark registration (except for those listed in Exhibit "A" hereto as of the date of this Agreement) or patent or any trademark or service mark or patent application, the Company shall deliver to the Agent (i) written notice thereof, together with a copy of the application for trademark or service mark registration or patent in respect thereof, and, if applicable, the certificate of registration or patent for any such acquired trademark or service mark or patent (and, upon the giving of such notice, Exhibit "A" hereto shall be automatically amended and supplemented to include such trademark or service mark or patent application or registration), and (ii) upon request by Agent, a Patent Security Agreement or a Trademark Security Agreement, as applicable,

for recordation in the United States Patent and Trademark Office, duly executed by the Company, together with such other instruments or documents as may be necessary or as the Agent may deem reasonably desirable in order to perfect and protect the pledge, assignment and security interest granted or purported to be granted hereunder in such Intellectual Property Collateral.

(iii) as soon as practicable and in any event within sixty (60) days after the initiation by any Person of an interference, reexamination, opposition, cancellation, infringement or misappropriation or other proceeding in connection with any of its Intellectual Property Collateral, the Company shall give the Agent written notice thereof.

(iv) The Company hereby agrees, subject to the Company's reasonable business judgment (including its reasonable business judgment not to take such actions), to take, at its sole expense, all commercially reasonable actions (including, without limitation, actions in respect of the United States Copyright Office or the United States Patent and Trademark Office or in any court or by or before any other Governmental Authority) (1) to maintain each of its copyright registrations, trademark or service mark registrations and patents (including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of its Intellectual Property Collateral, consistent with the quality of the products and services of the Company as of the Closing Date, and taking all steps necessary to ensure that all licensed users of any of its Intellectual Property Collateral use such consistent standards of quality), (2) to pursue each of its copyright applications, trademark or service mark applications and patent applications now or hereafter included in its Intellectual Property Collateral, including, without limitation, the payment of fees and taxes related thereto, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, the filing of renewal applications under Section 9 of the United States Trademark Act, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for re-issue, renewal or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings and (3) to initiate, pursue, defend or otherwise prosecute any interference, reexamination, opposition, cancellation, infringement or misappropriation proceeding in connection with any of its Intellectual Property Collateral.

(v) If the Company determines in the exercise of its reasonable business judgment that a pending application for registration of a copyright, a trademark or service mark or for a patent should no longer be pursued, or that a copyright registration, a trademark or service mark registration or a patent should no longer be, or can no longer be, maintained, the Company shall give the Agent notice thereof at least thirty (30) days prior to the last date (taking into consideration all available extensions of time) on which action to maintain in full force and effect the application, registration or patent can be taken, identifying the

application that the Company believes should no longer be pursued or the copyright, trademark or service mark registration or patent that the Company believes should no longer be maintained and giving a reasonably detailed explanation therefor, and certifying to the Agent, that such application, registration or patent is no longer desirable in the conduct of the business of the Company and the failure to pursue such application or to maintain such registration or patent, either individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the value of the Collateral. Upon the request of the Agent (1) the Company shall provide the Agent with copies of all material correspondence and files concerning any or all of its Intellectual Property Collateral, including, without limitation, prosecution files and files concerning any interference, reexamination, opposition, cancellation, infringement or misappropriation involving its Intellectual Property Collateral, and (2) shall take such actions as may be reasonably requested by the Agent, at the sole expense of the Company, to maintain pursue, protect, and defend each item of its Intellectual Property Collateral in the manner and to the extent provided for in this paragraph 7(b).

(vi) Company hereby agrees to provide statutory notice from time to time to the extent required by applicable law in connection with its use of each of its Copyrights, Trademarks and Patents.

(vii) Company hereby agrees to notify the Agent promptly after learning: (i) that any item of its Intellectual Property Collateral set forth in Exhibit "A" hereto or any other item of its Intellectual Property Collateral has been determined to have become abandoned or dedicated to the public, (ii) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or in any court or before any arbitrator or by or before any other Governmental Authority) regarding any such item of the Intellectual Property Collateral or (iii) that any such item of its Intellectual Property Collateral is infringed, misappropriated or otherwise violated by any other Person, which notice shall specify the actions that the Company has taken and/or proposes to take with respect thereto.

8. Taxes/Insurance.

a. Payment of Taxes. The Company shall promptly pay, when due, all sales, use, excise, personal property, income, withholding, corporate franchise and all other taxes, assessments and governmental charges upon and in relation to its ownership or use of any of its assets, income or gross receipts for which the Company is or may be liable, except to the extent any such liabilities are being contested in good faith and with due diligence by the Company and the amount of such liabilities, or the contest thereof, does not, in the Agent's reasonable discretion, have a material adverse effect on the financial condition of the Company, its ability to repay the Obligations, the security interests of the Agent upon the Collateral, or the priority of such security interests. The Company shall not permit, or suffer to remain, and will promptly discharge, any lien arising from any

unpaid tax, assessment, levy or governmental charge unless the Company contests such lien or liens in good faith, and provides the Agent with all facts concerning the lien and provides adequate reserves on the books of the Company to protect against such loss. In the event Company shall fail to pay any such tax, assessment, levy or governmental charge or to discharge any such lien or contest the same in good faith, the Agent, without waiving or releasing any obligation or default of the Company hereunder, may at any time or times thereafter, but shall be under no obligation to do so, make such payment, settlement, compromise or release or cause to be released any such lien, and take any other action with respect thereto which Agent deems advisable. All sums paid by Agent in satisfaction of, or on account of any tax, levy or assessment or governmental charge, or to discharge or release any lien, and any expenses, including reasonable attorneys' fees, court costs and other reasonable charges relating thereto, shall become a part of the Obligations secured by the Collateral and payable on demand and, until paid, shall bear interest at the Default Rate.

b. Insurance. The Company shall keep all of the Collateral insured, at its expense, pursuant to and in accordance with the provisions of the Loan Agreement.

9. Event of Default/Remedies.

a. Remedies. Upon the occurrence of an Event of Default, the Agent shall have, in addition to any other rights and remedies contained in this Agreement or in any Other Agreements, all the rights and remedies of a secured party under the UCC, all of which shall be cumulative to the extent permitted by law. In addition to all such rights and remedies, the Agent may sell, lease or otherwise dispose of the Collateral, or any part thereof, at public or private sale, for cash, credit or any combination thereof. The Agent shall have the right to bid and purchase at such sale or sales. The Proceeds of any sale or other disposition of all or any part of the Collateral upon which Agent has a security interest, after payment of all reasonable costs and expenses of sale, including retaking, holding, preparing for sale, selling and the like and also including reasonable attorneys' fees and legal expenses incurred by the Agent, shall be applied by the Agent to the then outstanding balance of any of the Obligations and any surplus shall be paid by the Agent to the Company. The Company shall be liable to the Agent for any deficiency.

b. Costs and Expenses. If at any time or times hereafter the Agent employs counsel to intervene, file a petition, answer, motion or other pleading in any suit or proceeding relating to this Agreement or any Other Agreements, or relating to any Collateral, or to protect, take possession of, or liquidate any Collateral, or to attempt to enforce any security interest or lien in any Collateral, or to enforce any rights of Agent or liabilities of any other Person which may be obligated to Agent by virtue of this Agreement or any Other Agreements, instrument or document now or hereafter delivered to Agent by or for the benefit of the Company, then in any of such events, all of the reasonable attorneys' fees arising from such services, and any reasonable expenses, costs and charges relating thereto, shall become a part of the Obligations secured by the Collateral, payable on demand and, until paid, shall bear interest at the Default Rate.

c. Right of Entry. Upon the occurrence of an Event of Default, the Agent shall have the right to peacefully enter and remain upon the various premises of the Company without cost or charge to Agent, and to use the same, together with materials, supplies, books and records of the Company, for the purpose of preparing for and conducting the sale of Collateral, whether by foreclosure, auction or otherwise. In addition, upon the occurrence of an Event of Default, the Agent may peacefully remove from such premises the Collateral and any records with respect thereto, to the premises of the Agent or any designated agent of the Agent for such time as the Agent may desire, in order to effectively collect or liquidate the Collateral.

d. Notice. Any notice required to be given by the Agent of a sale, lease or other disposition of or other intended action by Agent with respect to any of the Collateral shall be deposited in the United States mails (certified or registered mail, return receipt requested, deliver to addressee only), postage prepaid and duly addressed to the Company at the Company's address set forth in the Loan Agreement, at least ten (10) days prior to such proposed action. Such notification shall constitute fair and reasonable notice to the Company of such action.

e. No Waiver. The Agent's failure at any time or times hereafter to require strict performance by the Company of any of the provisions, warranties, terms and conditions contained in this Agreement or any Other Agreements shall not waive, affect or diminish any right of the Agent at any time or times hereafter to demand strict performance therewith and with respect to any other provisions, warranties, terms and conditions contained in this Agreement or any Other Agreements, and any waiver of any Event of Default shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or a different type. None of the warranties, conditions, provisions and terms contained in this Agreement or any Other Agreements shall be deemed to have been waived by any act or knowledge of Agent, its agents, officers or employees, except by an instrument in writing signed by an officer of the Agent and directed to the Company specifying such waiver.

10. Defined Terms. As used herein, the following terms shall have the meanings indicated unless the context otherwise requires:

“Accounts” shall have the meaning given to it in the UCC.

“Collateral” shall mean, collectively, all assets of the Company (other than vehicles), whether now owned or hereafter acquired, including, without limitation, all of the Company's future and existing right, title and interest in and to all now owned or hereafter acquired Accounts, Contract Rights, Documents, Equipment, Fixtures, General Intangibles, Goods, Instruments, Inventory, and Supporting Obligations relating or pertaining to any of the foregoing, together with all Proceeds thereof.

“Contract Rights” shall mean, collectively, any and all right, title and interest of the Company under or in connection with any agreement, document, contract, or arrangement, verbal or written (including, without limitation, leases and license agreements), to which the

Company is a party or under which the Company has an interest, but shall not include any duty, obligation or liability of the Company thereunder.

“Copyrights” shall mean, collectively, all of the Company’s right, title and interest in and to (i) all copyrights (including, without limitation, all sales literature, promotional literature, software, databases and firmware), whether statutory or common law, and whether or not the underlying works of authorship have been published, (ii) all copyright registrations and copyright applications (including, without limitation, each of the copyright registrations and copyright applications set forth on Exhibit ”A” hereto) and all works of authorship and other intellectual property rights therein, (iii) all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, (iv) all rights to make and exploit all derivative works based on or adopted from works covered by such copyrights, and (v) any extensions or renewals thereof, including, but not limited to, (A) the right to print, publish and distribute any of the foregoing, (B) the right to sue or otherwise recover for any and all past, present and future infringements, misappropriations and other violations thereof, (C) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages, settlements and payments for past or future infringements thereof) and (D) all rights corresponding thereto throughout the world and all other rights of such Company of any kind whatsoever accruing thereunder or pertaining thereto.

“Documents” shall have the meaning given to it in the UCC.

“Equipment” shall have the meaning given to it in the UCC.

“Event of Default” shall have the meaning given to it in the Loan Agreement.

“Fixtures” shall have the meaning given to it in the UCC.

“General Intangibles” shall have the meaning given to it in the UCC and shall include, without limitation, all Contract Rights (unless and to the extent any such Contract Rights are covered by another category of Collateral under the UCC), Intellectual Property Collateral, Payment Intangibles and Software, and all mineral rights and mining rights, as well as all minerals, sand, gravel, soil, and the like (including oil and gas), whether or not extracted from any real property owned or leased by the Company.

“Goods” shall have the meaning given to it in the UCC.

“Governmental Authorizations” shall mean, collectively, any authorization, approval, consent, franchise, license, covenant, order, ruling, permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification, or registration with, any Governmental Authority (as defined in the Loan Agreement).

“Instrument” shall have the meaning given to it in the UCC.

“Intellectual Property Collateral” shall mean, collectively, (i) Copyrights, (ii) Patents, (iii) Proprietary Works, (iv) Trademarks, and (v) Licenses.

“Inventory” shall have the meaning given to it in the UCC.

“Investment Property” shall have the meaning given to it in the UCC.

“Liabilities” or “Obligations” shall have the meanings given to them in the Loan Agreement and/or shall mean any and all debts, obligations, and liabilities of the Company to the Agent and the Lenders of every kind and description, in connection with the Loan Agreement and the Loan Documents, whether principal, interest, fees, or otherwise, whether or not jointly owned with others, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, whether or not from time to time decreased or extinguished and later increased, created, or incurred and whether or not extended, modified, rearranged, restructured, refinanced, or replaced including, without limitation, modifications to interest rates or other payment terms of such debts, obligations, or liabilities. The foregoing shall include obligations to perform acts and refrain from taking action, as well as obligations to pay money.

“Licenses” shall mean, collectively, all of the Company’s right, title and interest in and to all license agreements with any other Person in connection with any of the Patents, Proprietary Works, Copyrights, and/or Trademarks, whether the Company is a licensor or a licensee under any such license agreement (including, without limitation, each license set forth on Exhibit ”A” hereto), and any right to prepare for sale, sell and advertise for sale all Inventory now or hereafter owned by the Company and now or hereafter covered by such licenses, including, but not limited to, (i) the right to bring an action or otherwise recover for any and all past, present and future breaches and other violations thereof, (ii) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, damages, settlements and payments for past or future breaches and infringements thereof) and (iii) all rights of the Company corresponding thereto throughout the world and all other rights of the Company of any kind whatsoever accruing thereunder or pertaining thereto. Notwithstanding the foregoing, the term “Licenses” does not include agreements, contracts, licenses, or arrangements reached in the ordinary course of business under which the Company acquires the right to use a third-party’s intellectual property to produce, package, market, distribute, or sell products under the third-party’s brand name or under the brand name of a subsidiary, affiliate, or designee of such third-party.

“Loan Agreement” shall mean the Loan Agreement dated March 30, 2009 among the Agent, the Company and the lenders referred to therein, and all amendments, restatements, modifications or supplements thereof or thereto.

“Other Agreements” shall mean the Loan Documents (as such term is defined in the Loan Agreement).

“Patents” shall mean, collectively, all of the Company’s right, title and interest in and to all patents, patent applications and patentable inventions (including, without limitation, each patent and patent application set forth on Exhibit ”A” hereto), including, but not limited to, (i) all inventions and improvements described and claimed therein, (ii) the right to sue or otherwise recover for any infringements and other violations thereof, (iii) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto

(including, without limitation, payments under all licenses entered into in connection therewith, and damages, settlements and payments for past and future infringements thereof) and (iv) all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, provisional applications, substitutes, renewals and extensions thereof, all improvements thereon and all other rights of the Company of any kind whatsoever accruing thereunder or pertaining thereto.

“Payment Intangible” shall have the meaning given to it in the UCC.

“Permitted Encumbrances” shall have the meaning ascribed to the term “Permitted Liens” in the Loan Agreement.

“Proceeds” shall have the meaning given to it in the UCC.

“Proprietary Works” shall mean, collectively, all of the Company’s right, title and interest in and to all General Intangibles consisting of (i) all Governmental Authorizations, all certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, purchasing records and other rights, privileges and goodwill obtained or used in connection with the Collateral, all processes, practices, techniques, procedures, trade secrets, know-how and other information and data (including, without limitation, all designs, drawings, compilation of data, specifications and assembly procedures) and (ii) the right to sue or otherwise recover for any and all past, present and future infringements, misappropriations and other violations thereof.

“Software” shall have the meaning given to it in the UCC.

“Supporting Obligations” shall have the meaning given to it in the UCC.

“Swap Agreement” shall have the meaning given to it in 11 U.S.C. § 101.

“Swap Documents” shall mean, collectively, any Swap Agreement entered into between the Company and the Agent or the Lenders (or any Affiliate of the Agent or the Lenders) and any and all agreements, documents, and instruments executed by the Company in connection therewith (including schedules and confirmations), and any future amendments, restatements, modifications or supplements thereof or thereto.

“Swap Obligations” shall mean, collectively, all duties, obligations, and liabilities (fixed or contingent) of the Company under or in connection with the Swap Documents.

“Trademarks” shall mean, collectively, all of the Company’s right, title and interest in and to (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious names, trade dress, service marks, trade styles, logos and other designs or sources of business identifiers or other indicia of trade origin, (ii) all trademark and service mark registrations and applications for trademark or service mark registrations (including, without limitation, each registration and application set forth on Exhibit ”A” hereto) and (iii) any and all extensions and renewals of or with respect to any of the foregoing, including, but not limited to, (A) the right to sue or otherwise recover for any and all past, present and future infringements, misappropriations and other violations thereof, (B) all income, royalties, damages, settlements

and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages, settlements and payments for past or future infringements thereof) and (C) all rights of the Company corresponding thereto throughout the world and all other rights of the Company of any kind whatsoever accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, any or all of the foregoing throughout the world, but excluding any United States intent-to-use trademark application prior to the filing of a Statement of Use or an amendment to allege use in connection therewith to the extent that a valid lien and security interest may not be taken in such an intent-to-use application under applicable law. Notwithstanding the foregoing, the term "Trademarks" does not include agreements, contracts, licenses, or arrangements reached in the ordinary course of business under which the Company acquires the right to use a third-party's intellectual property to produce, package, market, distribute, or sell products under the third-party's brand name or under the brand name of a subsidiary, affiliate, or designee of such third-party.

"UCC" shall mean the Pennsylvania Uniform Commercial Code, as in effect on the date hereof, as the same may be modified, amended, revised, supplemented and restated from time to time.

11. Other Terms. All other terms which are used in this Agreement and which are not otherwise defined herein or in the Loan Agreement, but which are defined or are used in the UCC, shall have the meanings ascribed to those terms in the UCC to the extent that such terms are used or defined therein.

12. General.

a. Application of Payments. Upon the occurrence of an Event of Default, the Company irrevocably waives the right to direct the application of any and all payments (including Proceeds of Collateral) at any time or times thereafter which may be received by the Agent by or for the benefit of the Company.

b. Legal Effect. This Agreement and any Other Agreements, instruments and documents executed and delivered pursuant hereto or to consummate the transactions contemplated hereunder shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

c. Construction. The domestic internal laws (but not the law of conflicts of law) of the Commonwealth of Pennsylvania shall govern and control the construction, enforceability, validity and interpretation of this Agreement and any Other Agreements.

d. Waiver. Except as expressly set forth in the Loan Agreement or Other Agreements as now or hereafter existing, the Company waives demand, protest, notice of protest, notice of default, release, compromise, settlement, extension or renewal of all commercial paper, accounts, contract rights, instruments, guarantees, and otherwise, at any time held by the Agent on which the Company may in any way be liable, notice of nonpayment at maturity of any and all Accounts, and notice of any action taken by the Agent.

e. Representations. All representations and warranties of the Company and all terms, provisions, conditions and agreements to be performed by the Company contained in this Agreement, and in any Other Agreements, instrument or document executed heretofore or concurrently herewith by the Company and delivered to the Agent, shall be true and satisfied at the time of the execution of this Agreement, and shall survive the execution and delivery of this Agreement and all Other Agreements.

f. Choice of Remedies. To the extent that any of the Obligations are now or hereafter secured by property other than the Collateral, or by a guaranty, endorsement or property of any other Person, then the Agent shall have the right to proceed against such other property, guaranty or endorsement upon the Company's default in the payment of any of the Obligations or in any of the terms, covenants or conditions contained in this Agreement or in any Other Agreement, and the Agent shall have the right, in the Agent's sole discretion, to determine which rights, security, liens, security interests or remedies the Agent shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of the Agent's rights or the Obligations under this Agreement or under any Other Agreements.

g. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed as an instrument under seal on the day and year first above written.

HERR FOODS INCORPORATED,
a Pennsylvania corporation

By: Edwin H. Herr

Name: Edwin H. Herr
Title: President

HERR HOLDINGS INC.,
a Delaware corporation

By: Gerald Kluis

Name: Gerald Kluis
Title: President

Notice Information

Herr Foods Incorporated
20 Herr Drive
P. O. Box 300
Nottingham, PA 19362
Attention: Gerald Kluis, Sr. Vice President, CFO and Treasurer

FULTON BANK, N.A., AS AGENT

By: _____

Name: Timothy M. Peachey
Title: Senior Vice President

IN WITNESS WHEREOF, this Agreement has been duly executed as an instrument under seal on the day and year first above written.

HERR FOODS INCORPORATED,
a Pennsylvania corporation

HERR HOLDINGS INC.,
a Delaware corporation

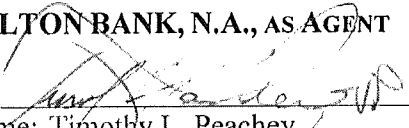
By: _____
Name:
Title:

By: _____
Name:
Title:

Notice Information

Herr Foods Incorporated
20 Herr Drive
P. O. Box 300
Nottingham, PA 19362
Attention: Gerald Kluis, Sr. Vice President, CFO and Treasurer

FULTON BANK, N.A., AS AGENT

By:  _____
Name: Timothy L. Peachey
Title: Senior Vice President

Schedule "A"
Trademarks

Serial Number	Reg. Number	Trademark
86228349		WAFFLE WORKS
86289288		PRETZLERS
86248167		SNACK FRESH
86247021		GO LITE!
86130714		GOODNESS NATURED
86108404		ALL NATURAL GOODNESS NATURED
85831669	4534458	HIPPITY HOLLOW
85710141	4515474	EARTH CRUNCH
85232035	4195408	HONEST, HARD WORKING FLAVORS
85232005	4176534	DON'T WAIT FOR THE WHISTLE, START YOUR MUNCH-BREAK NOW!
85112506	4161767	THE FLAVOR MILL
85005051	4014670	1853
78810789	3390017	HIS
77954007	3895453	SNACK SENSATIONS
77733766	3854563	FRESH COUNTS
77584334	4088245	RIGHT FIT
77804236	3789710	HERR'S CHIPPER
77513555	3674187	SNACK FRIEZ
77217889	3385051	LIVE LIFE WITH FLAVOR
77357064	3578748	THE NEW YORKER
76595270	2984750	HERR'S
76535305	2905866	HERR'S BITE SIZE DIPPERS TORTILLA CHIPS
75842232	2415602	HERR'S OLD FASHIONED HANDCOOKED POTATO CHIPS
75656688	2309408	HERR'S CHIPPER
73743515	1563555	MAKE HERR'S YOURS
73613114	1460244	HERR'S PENNSYLVANIA DUTCH STYLE POTATO CHIPS
73077461	1078502	HERR'S
73077460	1078501	HERR'S
72348068	0938966	FLAVOR MILL

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