

09-22-2004

Form PTO-1594 (Rev. 10/02) R
OMB No. 0651-0027 (exp. 6/30/2005)
Tab settings



102841611

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

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

9-20-04

1. Name of conveying party(ies):
Modern Mushroom Farms, Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: 09/15/2004

2. Name and address of receiving party(ies)

Name: Citizens Bank of Pennsylvania, Agt.

Internal

Address:

Street Address: 2 N. Second St., 12th Floor

City: Harrisburg State: PA Zip: 17101

Individual(s) citizenship

Association

General Partnership

Limited Partnership

Corporation-State

Other Bank

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

OFFICE OF PATENT & TRADEMARKS
FINANCE SECTION
2004 SEP 20 AM 9:12

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 2,869,826

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Barley Snyder

Internal Address: c/o Paul G. Mattaini, Esquire

Street Address: 126 East King Street

City: Lancaster State: PA Zip: 17602

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41) \$ 115.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Paul G. Mattaini, Counsel for Citizens Bank

Name of Person Signing

Signature

9/17/04

Date

24

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

09/21/2004 DBYRNE 00000060 2869826

01 FC:8521
02 FC:8522

40.00 OP
75.00 OP

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 003048 FRAME: 0677

(Continued from Recordation Form Cover Sheet)
Trademarks Only

Item 1. Name of conveying party(ies): (Continued)

C and C Carriage Mushroom Co.
Florida Mushroom, Inc.
Modern Soils, Inc.

Item 4. B. Trademark Registration No(s): (Continued)

2,869,845
2,866,935
2,875,080

126 East King Street
Lancaster, PA 17602-2893
Tel 717.299.5201 Fax 717.291.4660
www.barley.com

Carol A. Current, Paralegal
Direct Dial Number: 717.399.1537
E-mail: ccurrent@barley.com

September 16, 2004

Mail Stop Assignment Recordation Services
Director - U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

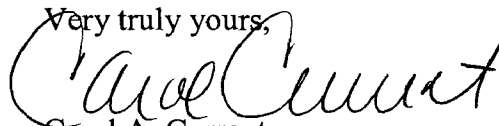
**Re: Trademark Security Agreement – Modern Mushroom Farms, Inc.,
C and C Carriage Mushroom Co., Florida Mushroom, Inc.,
Modern Soils, Inc./Citizens Bank of Pennsylvania, as Agent**

Dear Sir or Madam:

In order to acquire a security interest in trademarks of record with the U.S. Patent and Trademark Office ("USPTO"), Modern Mushroom Farms, Inc., C and C Carriage Mushroom Co., Florida Mushroom, Inc. and Modern Soils, Inc., together the borrowers/guarantors, and Citizens Bank of Pennsylvania, as agent, have entered into a Security Agreement. I have enclosed for filing with your office a Recordation Form Cover Sheet - Trademarks Only, together with a copy of the Security Agreement, which serves to establish a security interest in certain trademarks which are attached as an exhibit to the Trademark Security Agreement.

Please process the filing of the enclosed Recordation Form/Security Agreement and return evidence of the enclosed material as "filed" with your office. Also enclosed is Conestoga Title Insurance Co.'s check in the amount of \$115 to fulfill the fee requirements that your office has with respect to this Trademark Security Agreement filing.

If you have any questions or require any additional information with respect to this matter, please contact me immediately.

Very truly yours,

Carol A. Current
Paralegal

cac:1315419.1
Enclosures
cc: William R. Hauber, Vice President
Citizens Bank of Pennsylvania
cc: Paul G. Mattaini, Esquire

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "**Agreement**") is made as of September 15, 2004, by and between MODERN MUSHROOM FARMS, INC. ("**MMF**") and C and C CARRIAGE MUSHROOM CO. ("**CNC**", and with MMF, the "**Corporate Borrowers**"), each a Pennsylvania corporation, FLORIDA MUSHROOM, INC. ("**FMI**"), a Florida corporation, and MODERN SOILS, INC. ("**Soils**"), a Pennsylvania corporation (FMI and Soils, individually, a "**Guarantor**" and, collectively, the "**Guarantors**"), and **CITIZENS BANK OF PENNSYLVANIA**, 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**"). The Corporate Borrowers and the Guarantors are collectively referred to herein as the "**Companies**" and individually as a "**Company**".

RECITALS

- A. The Lenders have agreed to make certain credit facilities available pursuant to the terms and subject to the conditions of the Loan Agreement (as hereinafter defined).
- B. The Companies, 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 Lenders and the prompt performance of the Obligations, the Companies hereby grant to Agent a security interest in the Collateral.

(b) Perfection of Security Interests.

(i) The Companies hereby authorize the Agent to file, at the Companies' cost and expense, such financing statements (including, without limitation, UCC-1 financing statements, UCC-3 continuation statements, and UCC-3 amendment statements) without the signature(s) of any Corporate Borrower or Guarantor, 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, the Companies shall, at their own 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

collateral 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 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 Companies, the Companies 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 Copyrights Office).

(c) Control. Without limiting the generality of any provision contained herein (including, without limitation, the requirements of Section 2(b) hereof), the Companies shall take any and all action which, in the reasonable judgment of the Agent, is required in order for the security interest granted to the Agent pursuant hereto in and to all Deposit Accounts, Electronic Chattel Paper, Investment Property, and Letter-of-Credit Rights to be properly perfected under the UCC; including, without limitation, providing the Agent with control over such Collateral as required pursuant to and in accordance with the provisions of the UCC, as appropriate, and in connection therewith, causing a control agreement in form and substance satisfactory to the Agent and its counsel to be executed and delivered to the Agent, under which such control is provided to the Agent.

(d) Goods in Possession of Bailee. At the Agent's request, the Companies shall use their best efforts to obtain an acknowledgment, in form and substance reasonably satisfactory to the Agent, of any bailee having possession of any of the Collateral 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.

(e) Power of Attorney. The Companies hereby irrevocably make, constitute and appoint the Agent and any of its officers, employees or agents as the Companies' true and lawful attorneys with power to:

(i) sign any financing statement, renewal financing statement, notice or other similar document which, in the Agent's reasonable opinion, must be filed in order to perfect or continue perfected the interests granted in this Agreement or any Other Agreements;

(ii) receive, endorse, assign and deliver, in the name of the Companies or in the name of the Agent, all checks, notes, drafts and other instruments relating to any Collateral including, but not limited to, receiving, opening and properly disposing of all

mail addressed to the Companies concerning Accounts and to notify postal authorities to change the address for delivery of mail to such address as the Agent may designate;

(iii) sign the name of the Companies 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;

(iv) take or bring at the Companies' cost, in the Companies' name(s) or in the name of the Agent, all steps, actions and suits 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; and

(v) do all other things necessary to carry out this Agreement and all Other Agreements.

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, 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.

(f) Additional Collateral; Right of Set-Off. Funds of the Companies on deposit with the Agent or a 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 Companies or in which the Companies has an interest, which now or hereafter are in the possession or control of the Agent or a 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 Companies represent and warrant that, except for Permitted Encumbrances: (i) the security interests and other rights granted hereunder, when properly perfected 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; (ii) such Collateral, except for the Permitted Encumbrances, is free and clear of all security interests, liens, encumbrances and claims of all other Persons; and (iii) such security interests and other rights granted 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 Companies shall not grant (without the prior written approval of the Agent) a security interest in or permit a lien or encumbrance upon any of the Collateral to anyone except the Agent.

4. The Companies' Organizational Information.

(a) State of Organization/Name. Each of the Companies represents and warrants that (i) it is a corporation organized and existing in good standing; (ii) its proper address for notice purposes is P.O. Box 340, Avondale, Pennsylvania 19311; and (iii) its exact legal name is the name set forth in the opening paragraph of this Agreement.

(b) Notifications. The Companies will notify the Agent in writing at least thirty (30) days prior to any change in: (i) a Companies' chief executive office; (ii) a Companies' name or identity; or (iii) a Companies' organizational structure or organizational jurisdiction. The Companies 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 Companies, would have a material adverse financial impact on the Companies. Companies will keep Collateral at the location(s) previously provided to Agent until such time as Agent provides written advance consent to a change of location. Companies will bear the cost of preparing and filing any documents necessary to protect Agent's liens.

5. Accounts.

(a) Representations and Warranties. Each of the Companies 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 its 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 an undisputed bona fide indebtedness of a debtor to the Companies, (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 Companies' business and which are not, either singly or in the aggregate, material in amount, 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 Companies' business and any other special agreements which have been disclosed by the Companies to the Agent prior to the date hereof.

(b) Collections. The Companies may collect their respective Accounts 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 Companies that the Agent has a security interest therein and that such Accounts have been assigned to Agent, and (ii) to direct all such account debtors to make payments to the Agent of all sums owing by them to the Companies. All collections made by the Companies after the exercise of such power by the Agent shall be held in trust by the Companies for the Agent. All checks and other evidences of payment received by the Agent shall be subject to a bank clearance of three (3) days. Any and all disbursements for costs and expenses incurred or paid by the Agent with respect to the enforcement, collection or protection of its interest in the Collateral, or against the Companies, whether by suit or otherwise, or notification of account debtors and obligors, including reasonable attorneys' fees, court costs and similar expenses, if any, shall become a part of the Obligations secured by the Collateral and payable on demand and, until paid, shall bear interest at the rate of two percent (2%) per annum above the Base Rate.

(c) Inspection of Documents. The Companies, 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 Companies' operations. The Companies shall promptly inform Agent of (i) any material disputes with any account debtor or obligor relating to Collateral, and (ii) any claimed offset and counterclaim which may be asserted with respect to the Collateral which, either singly or in the aggregate, exceeds One Hundred Thousand Dollars (\$100,000.00).

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

(i) the Companies 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 Companies 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 Companies all or any part of the monies held in such account.

6. Equipment/Inventory.

(a) Representations. Each of the Companies 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, each of the Companies 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/Investment Property.

(a) Representations and Warranties Regarding Investment Property and Intellectual Property Collateral. Each of the Companies represents and warrants that:

(i) It does not own or have any right, title or interest in any Investment Property as of the date other than the Investment Property described on Exhibit "A" hereto.

(ii) Exhibit "A" hereto is a complete and accurate list as of the date hereof of all copyright registrations and copyright applications owned by the Companies, 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 Companies, 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 Companies, 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.

(iii) All of the copyright registrations, trademark or service mark registrations and patents of the Companies 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 Companies, are valid, registrable and enforceable. All of the copyright applications, trademark or service mark applications, and patent applications of the Companies set forth on Exhibit "A" hereto are pending and have not been abandoned. The Companies 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, each of the Companies is the exclusive owner of the entire and unencumbered right, title and interest in and to its Intellectual Property Collateral and is entitled to use its Intellectual Property Collateral in the continued operation of the respective businesses of the Companies. Each of the Companies 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. Each of the Companies 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, to the knowledge of the Companies threatened against any of the Companies or, to the knowledge of each of the Companies, 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 Companies 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 knowledge of the Companies, no Person is engaging in any activity that infringes upon the Intellectual Property Collateral or upon the rights of the Companies therein.

(iv) All of the Licenses of the Companies 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 each of the Companies, 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) each of the Companies has not received any notice of termination or cancellation under such license agreement; (iv) each of the Companies has not received any notice of a breach or default under such license agreement, which breach or default has not been cured; (v) each of the Companies has not granted to any other third party any rights, adverse or otherwise, in conflict with the terms of such license agreement; and (vi) none of the Companies nor, to the best knowledge of each of the Companies, any other party to such license agreement is in breach or default of such license agreement, and, to the best knowledge of each of the Companies, 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, to the knowledge of the Companies, threatened, against any of the Companies challenging or seeking to deny or restrict the use by any of the Companies 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: Each of the Companies hereby covenants and agrees as set forth below:

(i) as soon as practicable and in any event within forty-five (45) Business Days after filing (a) any copyright application with the United States Copyright Office or (b) any other applicable filing or recording affecting the validity and enforceability of a copyright hereunder or (c) acquiring any copyright application or registration, the Companies 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) a Copyright Security Agreement for recordation in the United States Copyright Office, duly executed by the Companies, together with such other instruments or documents as may be reasonably 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 (a) any trademark or service mark or patent application with the United States Patent and Trademark Office or (b) any other applicable filing or recording affecting the validity and enforceability of a trademark, service mark or patent hereunder, or (c) acquiring any trademark or service mark registration or patent or any trademark or service mark or patent application, the Companies 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) a Patent Security Agreement or a Trademark Security Agreement, as applicable, for recordation in the United States Patent and Trademark Office, duly executed, together with such other instruments or documents as may be reasonably necessary or as the Agent may deem reasonably desirable in order to perfect and protect the collateral, 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 first learning of 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 Companies shall give the Agent written notice thereof.

(iv) Each of the Companies hereby agrees, subject to the Companies' reasonable business judgment (including its reasonable business judgment not to take such actions) and Section 7(b)(v) below, 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 Companies 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 any one of the Companies 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, such 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 Companies 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, each of the Companies shall, at their sole expense, (1) 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,(except that the Companies shall not be required to disclose any materials that could invalidate the attorney-client privilege with respect to such materials, if any) and (2) take such actions as may be reasonably requested by the

Agent 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) Each of the Companies hereby agrees to use proper statutory notice from time to time in connection with its use of each of its Copyrights, Trademarks and Patents.

(vii) Each of the Companies hereby agrees to notify the Agent promptly (i) if 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 Companies has taken and/or proposes to take with respect thereto.

8. Taxes/Insurance.

(a) Payment of Taxes. Each of the Companies 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 it is or may be liable, except to the extent (i) any such liabilities are being contested in good faith and with due diligence by one or more of the Companies and (ii) the amount of such liabilities, or the contest thereof, does not, in the Agent's sole discretion, have a material adverse effect on the financial condition of any one of the Companies, the Companies' ability to repay the Obligations, the security interests of the Agent upon the Collateral, or the priority of such security interests. The Companies shall not permit, or suffer to remain, and will promptly discharge, any lien arising from any unpaid tax, assessment, levy or governmental charge unless one or more of the Companies contests such lien or liens in good faith, provides the Agent with all facts concerning the lien, and provides adequate reserves on the books of the Companies to protect against such loss or deposits adequate cash with Agent, in such amount as Agent may require, as a reserve for the payment thereof. In the event the Companies 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 Companies 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 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 Companies shall keep all of the Collateral insured, at its expense, pursuant to and in accordance with the provisions of the Loan Agreement. The Companies shall deliver to Agent on demand certified copies of all such insurance policies (or, at the option of Agent certificates evidencing coverage) evidencing insurance required to be maintained by the Companies pursuant to the Loan Agreement, with loss payable clauses in a form satisfactory to Agent naming the Agent as sole loss payee. All proceeds payable under any of such policies shall be payable in all events to Agent, but at the option of Agent any such proceeds may be released to the Companies. Each of the Companies hereby grants to the Agent a continuing security interest in and to all such policies and the Proceeds thereof to secure the repayment of the Obligations and agrees that the Agent shall have the right, in the name of any one of the Companies or in the name of the Agent, to file claims under any insurance policies, to receive and give acquittance for any payments that may be made thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. If any one of the Companies shall fail at any time or times hereafter to obtain and maintain any of the policies of insurance required hereby, or fail to pay any premium in whole or in part relating to any such policies, then Agent may, but it shall have no obligation to do so, obtain and cause to be maintained any or all of such policies, and pay any part or all of the premiums due thereunder, without thereby waiving any default by the Companies, and any sums so disbursed by Agent shall become a part of the Obligations secured by the Collateral, payable on demand and, until paid, shall bear interest at the Default Rate.

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 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 Companies. The Companies 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 prepare or consider approvals, waivers or consents, or 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 Companies' account debtors, or 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 Companies, then in any

of such events, all of the attorneys' fees arising from such services, and any 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 peaceably enter and remain upon the various premises of the Companies without cost or charge to Agent, and to use the same, together with materials, supplies, books and records of the Companies, for the purpose of preparing for and conducting the sale of Collateral, whether by foreclosure, auction or otherwise. In addition, the Agent may 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 Companies at the Companies' address set forth herein, at least ten (10) days prior to such proposed action. Such notification shall constitute fair and reasonable notice to the Companies of such action.

(e) No Waiver. The Agent's failure at any time or times hereafter to require strict performance by the Companies 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 the Agent or the Lenders, or their respective agents, officers or employees, except by an instrument in writing signed by an officer of the Agent and directed to the Companies 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 and shall include, without limitation, all healthcare insurance receivables.

“Chattel Paper” shall have the meaning given to it in the UCC and shall include, without limitation, all Electronic Chattel Paper and Tangible Chattel Paper.

“Collateral” shall mean, collectively, all assets of the Companies, whether now owned or hereafter acquired, including, without limitation, all of the Companies' future and existing right, title and interest in and to all now owned or hereafter acquired Accounts, Chattel Paper, Contract Rights, Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles,

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Goods, Instruments, Inventory, Investment Property, Letter-of-Credit Rights and Supporting Obligations relating or pertaining to any of the foregoing, together with all Proceeds thereof. Software shall constitute Collateral to the extent that the granting of a security interest therein is not prohibited by the terms of any applicable license agreement between the Companies or a Company and a third-party licensor.

“Contract Rights” shall have the meaning given to it in the UCC, and shall include, without limitation, any and all right, title and interest of the Companies under or in connection with any agreement, document, contract, or arrangement, verbal or written (including, without limitation, leases and license agreements), to which the Companies is a party or under which the Companies has an interest, but shall not include any duty, obligation or liability of the Companies thereunder.

“Copyrights” shall mean, collectively, all of the Companies’ 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 Companies of any kind whatsoever accruing thereunder or pertaining thereto.

“Deposit Account” shall have the meaning given to it in the UCC and shall include those Deposit Accounts of the Companies maintained with the Agent or the Lenders.

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

“Electronic Chattel Paper” 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.

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

“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.

“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.

“Letter-of-Credit Right” 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 Companies to the Agent or the Lenders of every kind and description under, arising out of, or in connection with the Loan Agreement and the Loan Documents (including, without limitation, Swap Obligations as defined herein), whether principal, interest, fees, or otherwise, whether or not jointly owed 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, each of the Companies’ 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 a 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 any of the Companies 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 Companies corresponding thereto

throughout the world and all other rights of the Companies of any kind whatsoever accruing thereunder or pertaining thereto.

“Loan Agreement” shall mean the Revolving Credit and Term Loan Agreement dated the date hereof between and among the Agent, the Companies, Charles J. Ciarrocchi, Jr., James J. Ciarrocchi, Citizens Bank of Pennsylvania and Wachovia Bank, National Association, and any future amendments, restatements, modifications or supplements thereof or thereto.

“Other Agreements” shall mean, collectively, the Loan Agreement, the Loan Documents, and any other agreements, pledges, instruments, documents, assignments, leases, suretyship agreements or contracts (including amendments, modifications or supplements thereto and restatements thereof) now or at any time or times hereafter executed and delivered by or on behalf of the Companies in connection with the Loan Agreement.

“Patents” shall mean, collectively, all of the Companies’ 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 Companies of any kind whatsoever accruing thereunder or pertaining thereto.

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

“Permitted Encumbrances” shall be those encumbrances listed on Exhibit “B” hereto.

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

“Proprietary Works” shall mean, collectively, all of the Companies’ 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 Companies 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 Companies 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 Companies under or in connection with the Swap Documents.

“Tangible Chattel Paper” shall have the meaning given to it in the UCC.

“Trademarks” shall mean, collectively, all of the Companies’ 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 Companies corresponding thereto throughout the world and all other rights of the Companies 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.

“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, each of the Companies irrevocably waives the right to direct the application of any and all

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payments (including Proceeds of Collateral) at any time or times thereafter which may be received by the Agent or the Lenders by or for the benefit of the Companies.

(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. Each of the Companies 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 or the Lenders on which the Companies 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 or the Lenders unless expressly required by this Agreement.

(e) Representations. All representations and warranties of the Companies and all terms, provisions, conditions and agreements to be performed by the Companies contained in this Agreement, and in any Other Agreements, instrument or document executed heretofore or concurrently herewith by the Companies and delivered to the Agent or the Lenders, 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 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 Companies' 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; provided, however, that the Agent's rights hereunder shall be exercised in a manner consistent with Article 2, Section 2.1 of the Loan Agreement with respect to Term Loan #2 and Term Loan #3.

(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.

CONFESSION OF JUDGMENT

UPON THE OCCURRENCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT AND ALL OTHER AGREEMENTS, THE CORPORATE BORROWERS AND THE GUARANTORS HEREBY AUTHORIZE AND EMPOWER IRREVOCABLY THE PROTHONOTARY OR ANY CLERK OR ATTORNEY OF ANY COURT OF RECORD TO APPEAR FOR AND TO CONFESS JUDGMENT AGAINST THE COMPANIES IN FAVOR OF THE AGENT AS OFTEN AS NECESSARY UNTIL ALL LIABILITIES HAVE BEEN PAID IN FULL, AS OF ANY TERM, FOR ALL AMOUNTS OWING (WHETHER OR NOT THEN DUE) UNDER THIS AGREEMENT AND ALL OTHER AGREEMENTS, TOGETHER WITH COSTS OF LEGAL PROCEEDINGS AND A REASONABLE ATTORNEYS' FEE FOR COLLECTION (WHICH ONLY FOR PURPOSES OF EXERCISING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT SHALL BE DEEMED TO BE EQUAL TO 10% OF THE SUM OF THE PRINCIPAL PLUS INTEREST FOR WHICH JUDGMENT IS THEN CONFESSED), WITH RELEASE OF ALL ERRORS, WAIVER OF APPEALS, AND WITHOUT STAY OF EXECUTION. THE CORPORATE BORROWERS AND THE GUARANTORS HEREBY WAIVE ALL RELIEF FROM ANY AND ALL APPRAISEMENT, STAY OR EXEMPTION LAWS OR RULES OF COURT NOW OR HEREAFTER IN EFFECT.

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

MODERN MUSHROOM FARMS, INC.

By: [Signature]
Name: CHARLES J CIARROCCHI JR
Title: CEO & PRESIDENT

C AND C CARRIAGE MUSHROOM CO.

By: [Signature]
Name: CHARLES J CIARROCCHI JR
Title: CEO & PRESIDENT

FLORIDA MUSHROOM, INC.

By: [Signature]
Name: CHARLES J CIARROCCHI JR
Title: VP

MODERN SOILS, INC.

By: [Signature]
Name: JAMES J CIARROCCHI
Title: PRESIDENT

Notice Information for the Companies:

Address: Ben Lazar
PO Box 340
Avondale, PA 19311
Phone No.: 610-268-3535
Fax No.: 610-268-3099

with a copy to:

Sanford K. Mozes
2000 Market Street, Tenth Floor
Philadelphia, PA 19103-3291
Phone: 215-299-2086
Fax: 215-299-2150

CITIZENS BANK OF PENNSYLVANIA

By: [Signature]
Name: William R Hawber
Title: Vice President

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Notice Information for the Agent:

Address: 10 South Second Street
Harrisburg, PA 17101
Phone: 717-777-3355
Fax No.: 717-777-3363
Attention: William Hauber, Vice President

with a copy to Paul G. Mattaini:

Address: 126 East King Street
Lancaster, PA 17602
Phone: 717-399-1519
Fax No.: 717-291-4660

Exhibit "A"

(List Copyrights, Investment Property, Licenses, Patents and Trademarks)

Investment Property

none

Copyrights

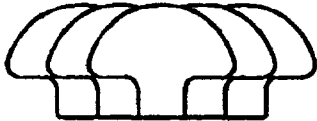
none

Trademarks

"MODERN MUSHROOM", Reg. No. 2,869,826, registered on August 3, 2004, for goods described as "fresh, raw and unprocessed mushrooms, in International Class No. 031"

"MODERN MUSHROOM", Reg. No. 2,869,845, registered on August 3, 2004, for goods described as "processed mushrooms, in International Class No. 029"

[Mushrooms Design] (see below), Reg. No. 2,866,935, registered on July 27, 2004, for goods described as "fresh, raw and unprocessed mushrooms, in International Class No. 031"



[Mushrooms Design] (see above), Reg. No. 2,875,080, registered on August 17, 2004, for goods described as "processed mushrooms, in International Class No. 029"

Patents

none

Licenses

Trademark Sublicense Agreement between MMF and The Sholl Group II, Inc., effective as of October 19, 2003

Exhibit B

Permitted Encumbrances

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RECORDED: 09/20/2004

**TRADEMARK
REEL: 003048 FRAME: 0701**