

SETTLEMENT AGREEMENT

WHEREAS, Leprino Foods Company ("Leprino") filed a lawsuit against Gress Refrigerated Services, Gress Poultry, Inc., Glenn Gress, Keith Gress, James Gress Sr., and James Gress Jr. (collectively "Gress") in the United States District Court for the Middle District of Pennsylvania, No. 3:CV-02-1073-18547, dated June 20, 2002 (the "Action"), seeking, inter alia, injunctive relief and monetary damages for physical damage to approximately 8,220,495 pounds of Leprino cheese that allegedly occurred while that cheese was in a cold storage warehouse owned and operated by Gress;

WHEREAS, Gress filed a counterclaim against Leprino for payment of allegedly outstanding fees for storage of Leprino cheese in a cold storage warehouse owned and operated by Gress (the "Counterclaim");

WHEREAS, Gress lacks the financial capacity to satisfy a judgment in the amount of \$10 million;

WHEREAS, Leprino and Gress (the "Parties") wish to resolve the Action and the Counterclaim to minimize the costs and expenses of litigation, and consequently, have entered into this Settlement Agreement so as to memorialize the agreement reached between them, the terms and conditions of which are set forth below; and

WHEREAS, in view of their agreement, the Parties wish to dismiss the Action and the Counterclaim with prejudice;

NOW, THEREFORE, in consideration of the foregoing and of the promises and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Payment of Settlement Amount.



A. Gress hereby agrees to pay Leprino the sum of Two Million Four Hundred Thousand Dollars (\$2,400,000.00) (the "Settlement Amount") in full and final settlement of all claims relating to the Action.

B. Gress shall deliver the Settlement Amount to Leprino's counsel at the address listed below by December 31, 2005:

Michael A. Pope
McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606

2. Releases. The following releases shall become effective once this Settlement Agreement is fully executed by each Party hereto.

A. Release of Gress. In consideration of the covenants, agreements and releases contained herein, Leprino, on behalf of itself and each of its successors, assigns, agents, or affiliates, past or present, including but not limited to each of Leprino's subsidiaries, divisions or affiliates, and each of their past and present officers, directors, partners, agents, employees, attorneys, or any person acting on their behalves, hereby releases and forever discharges Gress Refrigerated Services, Gress Poultry, Inc., Glenn Gress, Keith Gress, James Gress Sr., and James Gress Jr., their parents, subsidiaries, companies, partners, assigns, agents, or affiliates, past or present, and each of their past and present officers, directors, agents, employees, attorneys, or any persons acting on their behalves, from any and all claims, counterclaims, demands, causes of action, debts, sums of money, accounts, covenants, contracts, controversies, agreements, promises, representations, restitutions, damages, rights, costs, expenses, or suits relating to and/or arising out of the storage of Leprino cheese in warehouses owned or operated by Gress Refrigerated Services, Gress Poultry, Inc., Glenn Gress, Keith Gress, James Gress Sr., or

James Gress Jr., and any other matter that arises out of or relates to the same transactions and occurrences at issue in the Action or the Counterclaim; provided, however, that nothing in this Release shall release Gress Refrigerated Services, Gress Poultry, Inc., Glenn Gress, Keith Gress, James Gress Sr., or James Gress Jr. from any of their obligations under this Settlement Agreement.

B. Release of Leprino. In consideration of the covenants, agreements and releases contained herein, Gress Refrigerated Services, Gress Poultry, Inc., Glenn Gress, Keith Gress, James Gress Sr., and James Gress Jr. on behalf of themselves and each of their successors, assigns, agents, or affiliates, past or present, and each of their past or present officers, directors, partners, agents, employees, attorneys, or any person acting on their behalves, hereby releases and forever discharge Leprino, its parents, subsidiaries, companies, partners, assigns, agents, or affiliates, past or present, including but not limited to each of Leprino's subsidiaries, divisions, or affiliates, and each of their past and present officers, directors, agents, employees, attorneys, or any persons acting on their behalves, from any and all claims, counterclaims, demands, causes of action, debts, sums of money, accounts, covenants, contracts, controversies, agreements, promises, representations, restitutions, damages, rights, costs, expenses, or suits relating to and/or arising out of the storage of Leprino cheese in warehouses owned or operated by Gress Refrigerated Services, Gress Poultry, Inc., Glenn Gress, Keith Gress, James Gress Sr., or James Gress Jr., and any other matter that arises out of or relates to the same transactions and occurrences at issue in the Action or the Counterclaim; provided, however, that nothing in this Release shall release Leprino from any of its obligations under this Settlement Agreement.

3. Dismissal of the Action and Counterclaim.

A. Within ten (10) days of clearance of the funds set forth in Paragraph 1.B. above, Leprino shall file a Stipulation of Dismissal dismissing the Action with prejudice and without costs or attorneys' fees to either Party.

B. Within five business days from the date that Leprino files a Stipulation of Dismissal with respect to the Action, Gress shall file a Stipulation of Dismissal dismissing the Counterclaim with prejudice and without costs or attorneys' fees to either Party.

4. No Admission of Liability. This Settlement Agreement compromises claims and/or counterclaims that are contested and shall not be deemed an admission by any Party hereto as to the merits of the Action or Counterclaim or as to any claim or defense related thereto.

5. Drafted Jointly. This Settlement Agreement has been drafted jointly and is not to be construed against any Party hereto on account of authorship.

6. Integration and Amendment. This Settlement Agreement constitutes the sole, complete and entire agreement and understanding of the Parties hereto concerning the subject matter hereof and may not be altered, modified, or changed in any manner, nor may any of the conditions herein be waived, except by a writing duly executed by the authorized representatives of the Parties. No statements, promises or representations have been made by any Party hereto to any other Party, and no consideration has been or is offered, promised, expected or held out, other than as stated in this Settlement Agreement. No Party hereto is relying on any representations other than those set forth in this

Settlement Agreement. All prior discussions and negotiations have been, and are, merged and integrated into, and superseded by, this Settlement Agreement.

7. Binding Effect. All of the terms and conditions contained in this Settlement Agreement shall be binding upon and inure to the benefit of each of the Parties hereto, their respective heirs, legal representatives, directors, officers, employees, affiliates, subsidiaries, parent companies, predecessors, successors, insurers, agents, heirs and assigns.

8. Benefit of Counsel. Each of the Parties hereto represents that, before the execution of this Settlement Agreement, it had the benefit of legal counsel of its own selection and that it has executed this Settlement Agreement following consultation therewith.

9. Authority. Each of the signatories hereto represents and warrants that he or she is authorized to execute this Settlement Agreement on behalf of his or her Party.

10. Applicable Law; Counterparts. This Settlement Agreement shall be construed and enforced in accordance with the laws of the State of Pennsylvania. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute but one and the same instrument. It is agreed that an executed facsimile copy is to be treated as an original signature for all purposes.

11. Enforcement; Litigation. Any lawsuit or action arising out of or relating to this Settlement Agreement and/or the releases herein shall be subject to the exclusive jurisdiction of the federal and/or state courts of Pennsylvania. In the event any Party hereto commences an action to enforce this Settlement Agreement, the prevailing Party

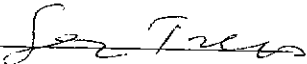
shall recover, in addition to any other amount, all costs incurred in such action, including, but not limited to, all reasonable attorneys' fees and costs.

IN WITNESS WHEREOF, the Parties hereto have caused this Settlement Agreement to be executed as of the date set forth below.

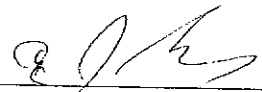
Dated:


Gress Refrigerated Services


By: _____

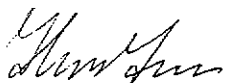
its 

Gress Poultry, Inc.

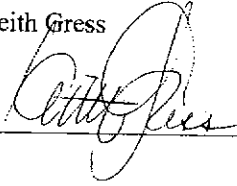

By: _____

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Glenn Gress



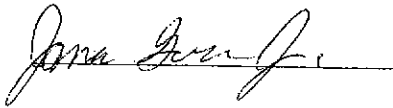
Keith Gress



James Gress Sr.



James Gress Jr.



Leprino Foods Company



By:

its President
