

SUPPLEMENTAL
SECURITY AGREEMENT
(TRADEMARKS AND TRADEMARK LICENSES)

WHEREAS, Carneros Creek Winery, LLC, a California Limited Liability Company (Grantor), has agreed to grant to **PACIFIC COAST FARM CREDIT SERVICES, PCA** (Lender), a lien on and security interest in substantially all of Grantor's assets in order to secure, among other things, the prompt and complete payment of all amounts owing under various loan agreements, promissory notes, and other documents from Grantor and others to Lender;

WHEREAS, Grantor has acquired new Trademarks;

WHEREAS, pursuant to the terms of that certain Security Agreement dated November 8, 1999, as the same may from time to time be amended, modified and supplemented (the "Security Agreement"), by and between Grantor and Lender, Grantor has granted a security interest to Lender in Grantor's Trademarks and in related assets; and

WHEREAS, Grantor owns the Trademarks and has rights under any Trademark License listed on Schedule I attached hereto, and may hereafter own Trademarks, file various Trademark applications, or be a party to, or and assignee of a party to, various Trademark Licenses.

NOW THEREFORE, in consideration of the premises and the covenants hereinafter contained, and to induce Lender to lend money to Grantor and others, it is agreed as follows:

1. **Grant of Security Interest.** To secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all debts that now are or may in the future become owing from Grantor, Grantor does hereby assign, convey, mortgage, pledge and grant to Lender a lien on and security interest in all of Grantor's right, title and interest, whether presently existing or hereafter arising or acquired, in, to and under the following (all of which being hereinafter collectively called the "Trademark Collateral"):
 - a. all of Grantor's Trademarks, whether registered or unregistered, trade names, corporate names, business names, trade styles, service marks, logos, and other source or business identifiers, and all applications therefore and reissues, extensions or renewals thereof, (collectively, the "Trademarks"), including each Trademark listed in Schedule I;
 - b. all interest of Grantor in any Trademark licenses or Trademark licensing agreements, including each Trademark license listed in Schedule I;
 - c. each Registered Trademark in which Grantor has any interest and any Trademark application filed by Grantor, including each Trademark in Schedule I;
 - d. the goodwill associated with: (i) each Trademark and Trademark application, including each Trademark listed in Schedule I; (i) each

Trademark licensed under any Trademark license, including each Trademark License listed in Schedule I; and

- e. all proceeds of the foregoing, including without limitation, any royalties from licenses and any claim of Grantor against third parties for any: (i) A present or future infringement or dilution of any Trademark, including any Trademark listed in Schedule I, and of any Trademark license, including each Trademark license listed in Schedule I; and (ii) injury to the goodwill association with any Trademark registration or Trademark licensed under any Trademark License.

2. **Representations and Warranties.** Grantor represents and warrants to Lender that as of the date of this Security Agreement ("Agreement"), Grantor:

- a. does not own any Trademark other than the Trademarks listed in Schedule I; and Schedule I to the previously executed Security Agreement (Trademarks and Trademark Licenses) dated August 27, 1998; and
- b. is not a party to, or an assignee of a party to any Trademark License other than the Trademark Licenses listed in Schedule I and Schedule I to the previously executed Security Agreement (Trademarks and Trademark Licenses) dated August 27, 1998.

3. **Covenants of Grantor.** Grantor covenants and agrees as follows:

- a. Grantor will notify Lender no later than then (10) days after Grantor acquires any Trademark not included in Schedule I, or becomes a licensee under any Trademark License. If Lender so requests, Grantor will deliver to Lender an Amendment to Schedule I describing such Trademark or Trademark License. If such Trademark or the subject of such Trademark License is registered or the subject of any application filed with the United States Patent and Trademark Office or with any similar office or agency of the United States, any State or Territory thereof, or any foreign country or political subdivision thereof, and if Lender so requests, Grantor will file this Assignment, together with such Amendment to Schedule I, with any and all such offices.
- b. Upon the written request of Lender, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all additional documents, including UCC-1 Financing Statement, and take such further action as Lender may reasonable deem desirable to obtain the full benefit of this Assignment.
- c. Grantor must take all steps necessary to maintain trademarks and the rights thereto.
- d. Grantor may not sell, assign, transfer or grant a license for the use any Trademark Collateral without the prior written consent of the Lender. Grantor shall notify Lender of its intent to transfer, sell, assign or grant a

license for the use of any Trademark Collateral at least thirty (30) days prior to the date of such transfer, sale, assignment or grant of a license. Grantor shall provide Lender with the name, telephone number and address of the party or parties to whom such transfer, sale, assignment or grant shall be made. Lender may, at its sole option, provide such party or parties with a notice of its security interest and may require that all proceeds from such sale, transfer, assignment or grant be remitted to it.

4. **Incorporation of Security Agreement.** Grantor hereby acknowledges and affirms that the rights and remedies of Lender with respect to the lien on and security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement the terms and provisions of which are incorporated herein by this reference as if fully set forth herein. This Security Agreement for Trademarks and Trademark Licenses is supplemental to and does not supersede or rescind the Security Agreement.
5. **Power of Attorney.** In connection with this Security Agreement, under a separate instrument, Grantor has appointed Lender as its attorney-in-fact for the purpose of taking whatever steps are deemed desirable by Lender to obtain the full benefit of this Security Agreement. The grant of this power of attorney shall not be deemed a delegation of any of Grantor's duties or covenants hereunder. The exercise of the Power of Attorney by the Lender shall be at the Lender's sole option and convenience.

IN WITNESS WHEREOF, Grantor has caused this Security Agreement to be executed and delivered by its duly authorized officers as of the 8th day of November, 1999.

Carneros Creek Winery, LLC, a California Limited Liability Company

By:  _____

Francis V. Mahoney, a Manager

By:  _____

George Schofield, a Manager

By:  _____

Robert Rembowski, a Manager

Pacific Coast Farm Credit Services, PCA

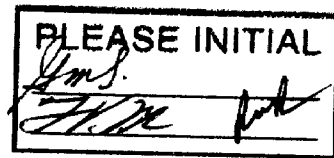
By:  _____

Jim Rizza, Vice President

TRADEMARK

REEL: 001998 FRAME: 0536

SCHEDULE I
TRADEMARKS



<u>NAME</u>	<u>TRADEMARK REGISTRATION NUMBER WITH THE</u> <u>SECRETARY OF STATE</u>
-------------	--

Fleur de Carneros	2234336
Cote de Carneros	2229142