FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

09-26-2000

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

101471693

9.26.00

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- [X] New
- [ ] Resubmission (Non-Recordation) Document ID #
- [ ] Correction of PTO Error Reel # Frame #
- [ ] Corrective Document Reel # Frame #

Conveyance Type

- [ ] Assignment
- [ ] License
- [X] Security Agreement
- [ ] Nunc Pro Tunc Assignment
- [ ] Merger
- Effective Date Month Day Year
- [ ] Change of Name
- [ ] Other

Conveying Party

[ ] Mark if additional names of conveying parties attached

Name: Pacific Wine Company

Execution Date Month Day Year: 8/31/00

Formerly:

71405056

[ ] Individual [ ] General Partnership [ ] Limited Partnership [X] Corporation [ ] Association

[ ] Other

[X] Citizenship/State of Incorporation/Organization: Illinois

Receiving Party

[ ] Mark if additional names of receiving parties attached

Name: Harris Trust and Savings Bank, as Agent

DBA/AKA/TA:

Composed of:

Address (line 1): 111 West Monroe Street

Address (line 2):

Address (line 3): Chicago (City) Illinois (State/Country) 60603 (Zip Code)

[ ] Individual [ ] General Partnership [ ] Limited Partnership

[X] Banking Corporation [ ] Association

[ ] Other

[ ] If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. *(Designation must be a separate document from Assignment.)*

[X] Citizenship/State of Incorporation/Organization: Illinois

09/27/2000 DNGUYEN 00000411 71405056
01 FC:481 40.00 OP

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

RETURN TO:
FEDERAL RESEARCH CORP.
400 SEVENTH STREET NW
SUITE 101
WASHINGTON DC 20004

Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 33

Trademark Application Number(s) or Registration Number(s)

☐ Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
See Schedule B-1 attached hereto					

Number of Properties

Enter the total number of properties involved. # 1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ 40.00

Method of Payment: Enclosed ☐ Deposit Account ☐

Deposit Account
(Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: #

Authorization to charge additional fees: Yes ☐ No ☐

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Gregory T. Pealer		September 19, 2000
Name of Person Signing	Signature	Date Signed

SCHEDULE B-1

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

REGISTERED U.S. TRADEMARKS
AND TRADEMARK APPLICATIONS

Pacific Wine Company	Ettore Fieramosca	71/405056 – 0,359,580	08/23/1938	Registered

THE TERLATO WINE GROUP, LTD.
SECURITY AGREEMENT RE: INTELLECTUAL PROPERTY

This Security Agreement Re: Intellectual Property (the *"Agreement"*) is dated as of August 31, 2000, by and among Terlato Wine Group, Ltd. formerly known as International Products Corporation (*"TWG"*), Paterno Imports, Ltd., a Delaware corporation (*"Paterno Imports"*), Pacific Wine Company, an Illinois corporation (*"Pacific Wine"*), Direct Import Wine Company, a Delaware corporation (*"Direct Import"*), River City Distributing Company, an Illinois corporation (*"River City"*), Rutherford Hill Winery, a California corporation (*"Rutherford Hill"*) formerly known as Tangley Oaks, Inc. and Vintage Wines, Ltd., an Illinois corporation (*"Vintage Wines"*) (TWG, Paterno Imports, Pacific Wines, Direct Import, River City, Rutherford Hill and Vintage Wines collectively referred to herein as the *"Borrowers"* and individually as a *"Borrower"*), Vintrio Corporation, an Illinois corporation (*"Vintrio"*), Sommelier Selections, Ltd., an Illinois corporation (*"Sommelier"*) and the other parties executing this Agreement under the heading "Debtors" (the Borrowers, Vintrio, Sommelier and such other parties, along with any parties who execute and deliver to the Agent an agreement attached hereto as *Schedule D*, being hereinafter referred to collectively as the *"Debtors"* and individually as a *"Debtor"*), each with its mailing address as set forth on *Schedule A* attached hereto, and Harris Trust and Savings Bank, an Illinois banking corporation (*"HTSB"*), with its mailing address at 111 West Monroe Street, Chicago, Illinois 60603, acting as agent hereunder for the Secured Creditors hereinafter identified and defined (HTSB acting as such agent and any successor or successors to HTSB acting in such capacity being hereinafter referred to as the *"Agent"*);

PRELIMINARY STATEMENTS

A. The Borrowers and HTSB, individually and as agent, have entered into a Credit Agreement dated as of even date herewith (such Credit Agreement as the same may be amended, modified or restated from time to time being hereinafter referred to as the *"Credit Agreement"*), pursuant to which HTSB and such other banks, financial institutions and letter of credit issuers from time to time party to the Credit Agreement (HTSB, in its individual capacity, and such other banks and financial institutions being hereinafter referred to collectively as the *"Lenders"* and individually as a *"Lender"* and such letter of credit issuers being hereinafter referred to collectively as the *"L/C Issuers"* and individually as a *"L/C Issuer"*) have agreed, subject to certain terms and conditions, to extend credit and make certain other financial accommodations available to the Borrowers.

B. Any Borrower and any one or more of its Subsidiaries may from time to time enter into one or more interest rate exchange, cap, collar, floor or other agreements with any one or more of the Lenders party to the Credit Agreement, or their Affiliates, for the purpose of hedging or otherwise protecting such Borrower or any such Subsidiary against changes in interest rates (the liability of such Borrower and such Subsidiaries in respect of such agreements with such Lenders and their Affiliates being hereinafter referred to as the *"Hedging Liability"*) (the Agent,

TRADEMARK
REEL: 002147 FRAME: 0600

the Lenders and the L/C Issuer and affiliates of the Lenders being hereinafter referred to collectively as the *"Secured Creditors"* and individually as a *"Secured Creditor"*).

C. As a condition to extending credit to the Borrowers under the Credit Agreement, the Secured Creditors have required, among other things, that each Debtor grant to the Agent for the benefit of the Secured Creditors a lien on and security interest in the personal property of such Debtor described herein subject to the terms and conditions hereof.

D. TWG owns, directly or indirectly, equity interests in each other Debtor, and TWG provides each other Debtor with financial, management, administrative, and technical support which enables such Debtor to conduct its business in an orderly and efficient manner in the ordinary course.

E. Each Debtor will benefit, directly or indirectly, from credit and other financial accommodations extended by the Secured Creditors to the Borrowers.

NOW, THEREFORE, for and in consideration of the execution and delivery by the Secured Creditors of the Credit Agreement, and other good and valuable consideration, receipt whereof is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Terms Defined in Credit Agreement. All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Credit Agreement. The term "Debtor" and "Debtors" as used herein shall mean and include the Debtors collectively and also each individually, with all grants, representations, warranties and covenants of and by the Debtors, or any of them, herein contained to constitute joint and several grants, representations, warranties and covenants of and by the Debtors; *provided, however,* that unless the context in which the same is used shall otherwise require, any grant, representation, warranty or covenant contained herein related to the Collateral shall be made by each Debtor only with respect to the Collateral owned by it or represented by such Debtor as owned by it.

The term *"Material Collateral"* as used herein shall mean any Collateral which satisfies any one or more of the following criteria: (i) such Collateral is reasonably expected to have a value of $250,000 or more, provided that any one item of such Collateral is reasonably expected to have a value of $50,000 or more; (ii) such Collateral is materially beneficial to the business of any Debtor in the ordinary course as presently conducted; or (iii) the loss of such Collateral by the Debtors could reasonably be expected to have a Material Adverse Effect.

Section 2. Grant of Security Interest in the Collateral; Obligations Secured. (a) As security for the Obligations referred to and defined in Section 2(b) hereof, each Debtor hereby grants, bargains, sells, transfers, conveys, assigns, mortgages and pledges to the Agent for the ratable benefit of the Agent for the ratable benefit of the Lenders, and each Debtor hereby grants to the Agent for the benefit of the Secured Creditors a lien on and security interest in, and right of set-off against, and acknowledges and agrees that the Agent has and shall continue to have for the benefit of the Secured Creditors a continuing lien on and security interest in, and right of set-off against, any and all right, title and interest of each Debtor, whether now owned or existing or hereafter created, acquired or arising, in and to the following:

TRADEMARK
REEL: 002147 FRAME: 0601

(i) *Patents.* Patents, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term *"Patents"* means and includes (except and to the extent the same is excluded pursuant to the proviso at the end of this Section 2(a)) (i) all letters patent of the United States of America or any other country or any political subdivision thereof, all registrations and recordings thereof, and all applications for letters patent of the United States of America or any other country or any political subdivision thereof, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (ii) all reissues, continuations, continuations-in-part or extensions thereof, including, without limitation, each Patent listed on Schedule A-1 hereto, and all of the inventions now or hereafter described and claimed in such Debtor's Patents;

(ii) *Patent Licenses.* Patent Licenses, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term *"Patent Licenses"* means and includes (except and to the extent the same is excluded pursuant to the proviso at the end of this Section 2(a)) any written agreement granting to any person any right to exploit, use or practice any invention on which a Patent is owned by another person), including, without limitation, each Patent License listed on Schedule A-2 hereto, and all royalties and other sums due or to become due under or in respect of such Debtor's Patent Licenses, together with the right to sue for and collect all such royalties and other sums;

(iii) *Trademarks.* Trademarks and Trademark registrations, whether now owned or hereafter adopted or acquired, or in which such Debtor now has or hereafter acquires any rights (the term *"Trademarks"* means and includes (except and to the extent the same is excluded pursuant to the proviso at the end of this Section 2(a)) (i) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all designs and general intangibles of like nature, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (ii) all reissues, extensions or renewals thereof), including, without limitation, each Trademark registration listed on Schedule B-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark registration and all customer lists and other records of such Debtor relating to the distribution of products bearing, or rendition of services otherwise relating to, a Trademark;

(iv) *Trademark Licenses.* Trademark Licenses, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term *"Trademark Licenses"* means and includes (except and to the extent the same is excluded pursuant to the proviso at the end of this Section 2(a)) any written agreement

TRADEMARK
REEL: 002147 FRAME: 0602

granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including, without limitation, the agreements described in Schedule B-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of such Debtor's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;

(v) *Copyrights.* Copyrights and Copyright registrations, whether now owned or hereafter adopted or acquired, or in which such Debtor now has or hereafter acquires any rights (the term *"Copyrights"* means and includes (except and to the extent the same is excluded pursuant to the proviso of the end of this Section 2(a)) (i) all copyrights, whether or not published or registered, and all works of authorship and other intellectual property and the rights therein, including, without limitation, copyrights for computer programs and data bases, copyrightable materials, and all tangible property embodying such copyrights or copyrightable materials, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof, and (ii) all renewals, derivative works, enhancements, modifications, new releases and other revisions thereof, and (iii) all accounts receivable, income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith, and (iv) all rights corresponding thereto throughout the world), including, without limitation, each Copyright registration listed on Schedule C-1 hereto;

(vi) *Copyright Licenses.* Copyright Licenses, whether now owned or hereafter acquired, or in which such Debtor now has or hereafter acquires any rights (the term *"Copyright Licenses"* means and includes (except and to the extent the same is excluded pursuant to the proviso of the end of this Section 2(a)) any written agreement granting to any person the right to use or exploit any Copyright or Copyright registration of another person, including, without limitation, the right to use the foregoing to prepare for sale or distribution and sell or distribute any and all inventory now or hereafter owned by such Debtor and now or hereafter covered by such licenses), including, without limitation, the license and subscription agreements listed on Schedule C-2 hereto, and all royalties and other sums due or to become due under or in respect of such Debtor's Copyright Licenses, together with the right to sue for and collect all such royalties and other sums;

(vii) *Know-How and Trade Secret Collateral.* All know-how, inventions, processes, methods, information, data, plans, blueprints, specifications, designs, drawings, engineering reports, test reports, material standards, processing standards and performance standards, to the extent that the foregoing pertain to manufacturing, production or processing operations of such Debtor and constitute trade secrets of such Debtor, and all licenses or other similar agreements granted to or by such Debtor with respect to any of the foregoing;

TRADEMARK
REEL: 002147 FRAME: 0603

(viii) *General Intangibles and Records and Cabinets.* General intangibles relating to any of the above-described property and supporting evidence and documents relating to any of the above-described property, including, without limitation, written applications, correspondence, delivery receipts and notes, together with all books of account, ledgers and cabinets in which the same are reflected or maintained, all whether now existing or hereafter arising;

(ix) *Accessions and Additions.* All accessions and additions to, and substitutions and replacements of, any and all of the foregoing, whether now existing or hereafter arising; and

(x) *Proceeds and Products.* All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including, without limitation, (i) any claim of such Debtor against third parties for damages by reason of past, present or future infringement of any Patent or any Patent licensed under any Patent License, (ii) any claim by such Debtor against third parties for damages by reason of past, present or future infringement or dilution of any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the use of, or symbolized by, any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, (iii) any claim of such Debtor against third parties for damages by reason of past, present or future infringements of any Copyright or Copyright registration or of any Copyright licensed under any Copyright License, and (iv) any claim by such Debtor against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (i), (ii), (iii) and (iv);

all of the foregoing being herein sometimes referred to as the *"Collateral"*; *provided, however,* that notwithstanding anything herein to the contrary:

(i) the Collateral shall not include any license agreement under which any Debtor is licensee which, by its terms, prohibits the security interest contemplated by this Agreement.

(ii) this Agreement shall not operate as a sale, transfer, conveyance or other assignment to the Agent of any applications by any Debtor for a Trademark based on an intent to use the same if and so long as such application is pending and not matured into a registered Trademark (such pending applications which are based on intent to use being hereinafter referred to collectively as *"Intent-To-Use Applications"*), but rather, if and so long as such Debtor's Intent-To-Use Application is pending this Agreement shall operate only to create a security interest for collateral purposes in favor of the Agent for the ratable benefit of the Secured Creditors on such Intent-To-Use Application as collateral security for the Obligations; and

TRADEMARK
REEL: 002147 FRAME: 0604

(iii) the Collateral shall neither mean nor include the assets and properties of the Debtors excluded from the lien and security interest hereof by *Section* 4 of the Credit Agreement.

(b) This Agreement is made and given to secure, and shall secure, the prompt payment and performance when due of (i) any and all indebtedness, obligations and liabilities of the Debtors, and of any of them individually, to the Secured Creditors, and to any of them individually, under or in connection with or evidenced by the Credit Agreement, the Notes of the Borrowers heretofore or hereafter issued under the Credit Agreement and the obligations of the Borrowers to reimburse the Secured Creditors for the amount of all drawings on all Letters of Credit issued pursuant to the Credit Agreement, and all other obligations of the Borrowers under any and all applications for Letters of Credit, and any and all liability of the Debtors, and of any of them individually, arising under or in connection with or otherwise evidenced by agreements with any one or more of the Secured Creditors or their affiliates with respect to any Hedging Liability, and any and all liability of the Debtors, and of any of them individually, arising under any guaranty issued by it relating to the foregoing or any part thereof, in each case whether now existing or hereafter arising (and whether arising before or after the filing of a petition in bankruptcy and including all interest accrued after the petition date), due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired and (ii) any and all expenses and charges, legal or otherwise, suffered or incurred by the Secured Creditors, and any of them individually, in collecting or enforcing any of such indebtedness, obligations and liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby (all of the indebtedness, obligations, liabilities, expenses and charges described above being hereinafter referred to as the "*Obligations*"). Notwithstanding anything in this Agreement to the contrary, the right of recovery against any Debtor (other than any Borrower to the extent of the credit and other financial accommodations such Borrower obtains pursuant to the Loan Documents, to which this limitation shall not apply) under this Agreement shall not exceed $1.00 less than the amount which would render such Debtor's obligations under this Agreement void or voidable under applicable law, including fraudulent conveyance law.

Section 3. No Release. Nothing set forth in this Agreement shall relieve any Debtor from the performance of any term, covenant, condition or agreement on such Debtor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any party under or in respect of any of the Collateral or impose any obligation on any Secured Creditor to perform or observe any such term, covenant, condition or agreement on such Debtor's part to be so performed or observed or impose any liability on any Secured Creditor for any act or omission on the part of such Debtor relative thereto or for any breach of any representation or warranty on the part of such Debtor contained in this Agreement or under or in respect of the Collateral or made in connection herewith or therewith.

Section 4. Use of Collateral. Notwithstanding anything to the contrary contained in this Agreement, until an Event of Default hereunder has occurred and is continuing and thereafter until otherwise notified by the Agent while such Event of Default is continuing, each Debtor may continue to exploit, license, use, enjoy and protect its respective Collateral throughout the world and the Agent shall from time to time execute and deliver, upon written

TRADEMARK
REEL: 002147 FRAME: 0605

request of the relevant Debtor, any and all instruments, certificates or other documents, in the form so requested, necessary or appropriate in the reasonable judgment of such Debtor to enable such Debtor to continue to exploit, license, use, enjoy and protect the Collateral throughout the world.

Section 5. Representations and Warranties. Each Debtor hereby represents and warrants to the Secured Creditors as follows:

(a) Each Debtor is, and, as to the Collateral acquired by it from time to time after the date hereof, each Debtor will be, the owner or, as applicable, licensee of all the Collateral. Each Debtor's rights in the Collateral are and shall remain free and clear of any lien, pledge, security interest, encumbrance, license, assignment, collateral assignment or charge of any kind, including, without limitation, any filing of or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute, except for the lien and security interest created by this Agreement and those permitted by Section 8.8 of the Credit Agreement (collectively, the *"Permitted Encumbrances"*). No Debtor has made any previous assignment, conveyance, transfer or agreement in conflict herewith. Each Debtor further represents and warrants to the Secured Creditors that Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto, respectively, are true and correct lists of all Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights and Copyright Licenses owned or used by such Debtor as of the date hereof and that Schedules A-1, A-2, B-1, B-2, C-1 and C-2 are true and correct with respect to the matters set forth therein as of the date hereof.

(b) Each Debtor has full corporate power to pledge and grant a security interest in all the Collateral pursuant to this Agreement.

(c) No authorization, consent, approval, license, qualification or exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority, or with any securities exchange or any other party, is required in connection with (i) any Debtor's execution, delivery or performance of this Agreement, (ii) any Debtor's grant of a security interest (including the priority thereof when the appropriate filings have been made and accepted) in the Collateral in the manner and for the purpose contemplated by this Agreement or (iii) the rights of the Secured Creditors created hereby, except those that have already been obtained or made and those referred to in paragraph (f) of this Section.

(d) Each Debtor has made all necessary filings and recordations to protect its interests in the Collateral.

(e) Each Debtor owns directly or has rights to use all the Collateral and all rights with respect to any of the foregoing used in, necessary for or of importance to the business of such Debtor in the ordinary course as presently conducted. The use of the Collateral and all rights with respect to the foregoing by such Debtor does not, to the best of such Debtor's knowledge after due inquiry, infringe on the rights of any party, nor has any claim of such infringement been made.

TRADEMARK
REEL: 002147 FRAME: 0606

(f) Upon filings and the acceptance thereof in the appropriate offices under the Uniform Commercial Code and in the United States Patent and Trademark Office and the United States Copyright Office, this Agreement will create a valid and duly perfected first priority lien and security interest in the Collateral located in the United States of America subject to no prior liens or encumbrances.

(g) To the best of each Debtor's knowledge after due inquiry, no claim has been made and remains outstanding that such Debtor's use of any of the Collateral does or may violate the rights of any third person.

Section 6. Covenants and Agreements of each Debtor. Each Debtor hereby covenants and agrees with the Secured Creditors as follows:

(a) On a continuing basis, each Debtor will, at the expense of such Debtor, subject to any prior licenses, encumbrances and restrictions and prospective licenses, encumbrances and restrictions permitted hereunder, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places within the United States of America, all such instruments, including, without limitation, appropriate financing and continuation statements and collateral agreements, and take all such action, as may reasonably be deemed necessary or advisable by the Agent (i) to carry out the intent and purposes of this Agreement, (ii) to assure and confirm to the Agent the grant and perfection of a first priority security interest in the Collateral for the benefit of the Secured Creditors or (iii) to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

(b) Without limiting the generality of the foregoing paragraph (a) of this Section, each Debtor (i) will not enter into any agreement that would impair or conflict with such Debtor's obligations hereunder other than a disposition of Collateral permitted pursuant to Section 8.8 of the Credit Agreement; (ii) will, promptly following its becoming aware thereof, notify the Secured Creditors of (x) any final adverse determination in any proceeding in the United States Patent and Trademark Office or United States Copyright Office with respect to any of the Material Collateral or (y) the institution of any proceeding with respect to any Material Collateral, its right to register any such Material Collateral or its right to keep and maintain such registration; (iii) will properly maintain and care for the Collateral to the extent necessary for the conduct of the business of such Debtor in the ordinary course as presently conducted and consistent with such Debtor's current practice; (iv) will not grant or permit to exist any lien or encumbrance upon or with respect to the Collateral or any portion thereof except the Permitted Encumbrances and will not execute any security agreement or financing statement covering any of the Collateral except in the name of the Collateral Agent; (v) will not permit to lapse or become abandoned, settle or compromise any pending or future material litigation or material administrative proceeding with respect to any Material Collateral without the prior written consent of the Collateral Agent or contract for sale or otherwise sell, convey, assign or dispose of, or grant any option with respect to, any Material Collateral or any portion thereof (*provided, however,* that this clause (v) shall not prevent any Debtor from selling or otherwise disposing of (except during the

TRADEMARK
REEL: 002147 FRAME: 0607

continuance of any Event of Default) any Collateral that in such Debtor's reasonable judgment has become obsolete to the business as presently conducted or otherwise pursuant to the Credit Agreement); (vi) upon any responsible officer of such Debtor obtaining knowledge thereof, will promptly notify the Secured Creditors in writing of any event which may reasonably be expected to materially and adversely affect the value of any Material Collateral, the ability of such Debtor or the Collateral Agent to dispose of any such Material Collateral or the rights and remedies of the Collateral Agent in relation thereto, including, without limitation, a levy or threat of levy or any legal process against any such Material Collateral; (vii) will diligently keep reasonable records respecting the Collateral; (viii) hereby authorizes the Collateral Agent, in its sole discretion, to file one or more financing or continuation statements relative to all or any part of the Collateral without the signature of such Debtor where permitted by law; (ix) will furnish to any Secured Creditor from time to time statements and schedules further identifying and describing the Collateral and such other materials evidencing or reports pertaining to the Collateral as such Secured Creditor may reasonably request, all in reasonable detail; (x) will pay when due any and all taxes, levies, maintenance fees, charges, assessments, licenses fees and similar taxes or impositions payable in respect of the Material Collateral except to the extent being contested in good faith by appropriate proceedings which prevent the enforcement of the matter being contested (and such Debtor has established adequate reserves therefor) and preclude interference with the operation of the business of such Debtor in the ordinary course; and (xi) comply in all material respects with all laws, rules and regulations applicable to the Collateral.

(c) If any Debtor shall (i) obtain any rights to any new invention (whether or not patentable), know-how, trade secret, design, process, procedure, formula, diagnostic test, service mark, trademark, trademark registration, trade name, copyright, copyright registration, or license or (ii) become entitled to the benefit of any patent, patent application, service mark, trademark, trademark application, trademark registration, copyright, copyright application, copyright registration, license renewal or copyright renewal or extension, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and the same shall automatically constitute Collateral and be and become subject to the assignment, lien and security interest created hereby without further action by any party, all to the same extent and with the same force and effect as if the same had originally been Collateral hereunder. If any Debtor so obtains or becomes entitled to any of the foregoing rights described in clauses (i) and (ii) above, such Debtor shall promptly give written notice thereof to the Agent. Such Debtor agrees, promptly following written request therefor by the Agent, to confirm the attachment of the lien and security interest created hereby to any such rights described in clauses (i) and (ii) above by execution of an instrument in form and substance reasonably acceptable to the Agent.

(d) Each Debtor hereby authorizes the Agent to modify this Agreement by amending Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto to include any future Collateral.

TRADEMARK
REEL: 002147 FRAME: 0608

(e) Each Debtor shall prosecute diligently applications for the Patents, Trademarks and Copyrights now or hereafter pending that would reasonably be expected to constitute Material Collateral or to the extent reasonably requested by the Collateral Agent, make application on unpatented but patentable inventions and registrable but unregistered Trademarks and Copyrights that in such Debtor's reasonable judgment would be materially beneficial to the business of such Debtor in the ordinary course, file and prosecute opposition and cancellation proceedings and do all acts necessary to preserve and maintain all its rights in the Collateral that would reasonably be expected to constitute Material Collateral or to the extent reasonably requested by the Agent. Any expenses incurred in connection with such actions shall be borne by the relevant Debtor.

Section 7. Grant of License to Patents, Trademarks, Copyrights, Etc. Without in any way limiting the scope of the lien and security interest created hereby, each Debtor hereby grants to the Agent for the benefit of the Secured Creditors an irrevocable, nonexclusive license and right to use all of such Debtor's Patents, Patent applications, Patent Licenses, Trademarks, Trademark registrations, Trademark Licenses, trade names, trade styles, Copyrights, Copyright registrations, Copyright Licenses and similar intangibles in the processing, production, marketing, distribution or sale by the Agent of all or any part of its collateral for the Obligations in connection with and solely in connection with any foreclosure or other realization on such collateral following the occurrence and during the continuance of an Event of Default. The license and rights granted the Agent hereby shall be exercisable without the payment of any royalty, fee, charge or any other compensation to any Debtor or any other party. Such license and rights shall include reasonable access to all records in which any of the licensed items may be recorded or stored. Such license and rights shall be absolute and unconditional to the extent used for the purpose stated above.

Section 8. Supplements; Further Assurances. Each Debtor (i) agrees that it will join with the Agent in executing and, at such Debtor's own expense, file and refile, or permit the Agent to file and refile, such financing statements, continuation statements and other instruments and documents (including without limitation this Agreement) in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) as the Agent may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Agent hereunder and (ii) hereby authorizes the Agent to file and refile such instruments and documents and any other instruments or documents related thereto without the signature of such Debtor where permitted by law and (iii) agrees to do such further acts and things, and to execute and deliver to the Agent such additional instruments and documents, as the Agent may reasonably require to carry into effect the purposes of this Agreement or to better assure and confirm unto the Agent its respective rights, powers and remedies hereunder. All of the foregoing are to be at the sole cost of such Debtor. Any reasonable costs of the foregoing incurred by the Agent shall be payable by such Debtor upon demand, together with interest thereon from the date of incurrence at the Default Rate (as hereinafter defined) until so paid, and shall constitute additional Obligations hereunder.

Section 9. The Agent May Perform. If any Debtor fails to perform any agreement contained herein after receipt of a written request to do so from the Agent, the Agent may itself perform, or cause performance of, such agreement and shall notify such Debtor of such

TRADEMARK
REEL: 002147 FRAME: 0609

performance, and the expenses of the Agent, including the fees and expenses of its counsel, so incurred in connection therewith shall be payable by such Debtor under Section 14 hereof.

Section 10. Remedies Upon Default. (a) The occurrence of any event or the existence of any condition which is specified as an "Event of Default" under the Credit Agreement shall constitute an *"Event of Default"* hereunder.

(b) Upon the occurrence and during the continuation of any Event of Default hereunder, the Agent shall have, in addition to all other rights provided herein or by law, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of Illinois and any successor statute(s) thereto (regardless of whether such Uniform Commercial Code is the law of the jurisdiction where the rights or remedies are asserted and regardless of whether such Uniform Commercial Code applies to the affected Collateral), and further the Agent may, without demand and without advertisement, notice, hearing or process of law, all of which each Debtor hereby waives, at any time or times, sell and deliver any or all of the Collateral at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its sole discretion. In addition to all other sums due any Secured Creditor hereunder, each Debtor shall pay the Secured Creditors all reasonable costs and expenses incurred by the Secured Creditors, including reasonable attorneys' fees and court costs, in obtaining, liquidating or enforcing payment of Collateral or the Obligations or in the prosecution or defense of any action or proceeding by or against any Secured Creditor or any Debtor concerning any matter arising out of or connected with this Agreement or the Collateral or the Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code (or any successor statute). Any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Debtors in accordance with Section 17(b) hereof at least 10 days before the time of sale or other event giving rise to the requirement of such notice; *provided, however,* no notification need be given to a Debtor if such Debtor has signed, after an Event of Default hereunder has occurred, a statement renouncing any right to notification of sale or other intended disposition. The Agent shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. Any Secured Creditor may be the purchaser at any such sale. Each Debtor hereby waives all of its rights of redemption from any such sale. The Agent may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale was postponed or the Agent may further postpone such sale by announcement made at such time and place.

(c) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default hereunder, the Agent may, to the full extent permitted by applicable law, with ten (10) days' prior notice to the relevant Debtor, and without advertisement, notice, hearing or process of law of any other kind, all of which each Debtor hereby waives, (i) exercise any and all rights as beneficial and legal owner of the Collateral, including, without limitation, any and all consensual rights and powers with respect to the Collateral and (ii) sell or assign or grant a license to use, or cause to be sold or assigned or granted a license to use, any or all of the Collateral or any part hereof, in each case free of all rights and claims of such Debtor therein and thereto. In that connection, the Agent shall have the

TRADEMARK
REEL: 002147 FRAME: 0610

right to cause any or all of the Collateral to be transferred of record into the name of the Agent or its nominee as well as the right to impose (i) such limitations and restrictions on the sale or assignment of the Collateral as the Agent may deem to be necessary or appropriate to comply with any law, rule or regulation, whether federal, state or local, having applicability to the sale or assignment and (ii) requirements for any necessary governmental approvals.

(d) In the event the Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agent, then and in every such case each Debtor and each Secured Creditor shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Secured Creditor shall continue as if no such proceeding had been instituted.

(e) Failure by the Agent to exercise any right, remedy or option under this Agreement or any other agreement between any Debtor and the Agent or provided by law, or delay by the Agent in exercising the same, shall not operate as a waiver; and no waiver shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated. Neither any Secured Creditor nor any party acting as attorney for any Secured Creditor, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than and to the extent of their gross negligence or willful misconduct. The rights and remedies of the Secured Creditors under this Agreement shall be cumulative and not exclusive of any other right or remedy which any Secured Creditor may have. For purposes of this Agreement, a Default or Event of Default shall be construed as continuing after its occurrence until the same is waived in writing by the requisite Secured Creditors or the Required Lenders, as the case may be, in accordance with the Credit Agreement or, in the case of a Default, the same is cured within any applicable cure period.

Section 11. The Agent Appointed Attorney-in-Fact. Each Debtor hereby irrevocably appoints the Agent, its nominee, or any other person whom the Agent may designate as such Debtor's attorney-in-fact, with full authority in the place and stead of such Debtor and in the name of such Debtor, the Agent or otherwise, upon the occurrence and during the continuation of any Event of Default hereunder, or if such Debtor fails to perform any agreement contained herein, then to the extent necessary to enable the Agent to perform such agreement itself, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to prosecute diligently any patent, trademark or copyright or any application for Patents, Trademarks or Copyrights pending as of the date of this Agreement or thereafter until the Obligations shall have been fully paid and satisfied and the commitments of the Secured Creditors to extend credit to or for the account of such Debtor under the Credit Agreement shall have terminated, to make application on unpatented but patentable inventions and registrable but unregistered Trademarks and Copyrights, to file and prosecute opposition and cancellation proceedings, to do all other acts necessary or desirable to preserve all rights in Collateral and otherwise to file any claims or take any action or institute any proceedings which the Agent may deem necessary or desirable to enforce the rights of the Secured Creditors with respect to any of the Collateral. Each Debtor hereby ratifies and approves all acts of any such

TRADEMARK
REEL: 002147 FRAME: 0611

attorney and agrees that neither the Agent nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The foregoing power of attorney, being coupled with an interest, is irrevocable until the Obligations have been fully paid and satisfied and the commitments of the Secured Creditors to extend credit constituting Obligations have terminated.

Section 12. Application of Proceeds. The proceeds and avails of the Collateral at any time received by the Agent upon the occurrence and during the continuation of any Event of Default shall, when received by the Agent in cash or its equivalent, be applied by the Agent in reduction of, or held as collateral security for, the Obligations as the Credit Agreement so provides, and in the absence of any such provision, in such amounts, in such manner and order and at such intervals as the Agent may from time to time in its discretion determine. The Debtors shall remain liable to the Secured Creditors for any deficiency. Any surplus remaining after the full payment and satisfaction of the Obligations shall be returned to TWG, as agent for the Debtors, or to whomsoever the Agent reasonably determines is lawfully entitled thereto.

Section 13. Indemnification; Litigation. (a) Each Debtor hereby indemnifies the Secured Creditors for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including attorneys' fees) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Secured Creditors or any of them in any way relating to or arising out of, directly or indirectly, the manufacture, use or sale of products or processes utilizing or embodying any Collateral or any transactions contemplated hereby or any enforcement of the terms hereof; *provided, however,* that no Debtor shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified hereunder.

(b) Each Debtor shall have the right to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such applications for protection of the Collateral, suits, proceedings or other actions for infringement, unfair competition, dilution or other damage as are in its reasonable business judgment necessary to protect the Collateral. To the extent required by Section 6(b)(ii), such Debtor shall promptly notify the Secured Creditors in writing as to the commencement and prosecution of any such actions, or threat thereof, relating to the Material Collateral and shall provide to the Secured Creditors such information with respect thereto as may be reasonably requested. The Secured Creditors shall provide all reasonable and necessary cooperation in connection with any such suit, proceeding or action, including, without limitation, joining as a necessary party. Each Debtor shall indemnify and hold harmless the Secured Creditors for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, expenses or disbursements (including attorneys' fees) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Secured Creditors in connection with or in any way arising out of such suits, proceedings or other actions; *provided, however,* that no Debtor shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified hereunder.

(c) Upon the occurrence and during the continuation of any Event of Default hereunder, the Agent shall have the right, but shall in no way be obligated, to file applications for protection

TRADEMARK
REEL: 002147 FRAME: 0612

of the Collateral or bring suit in the name of any or all of the Debtors, the Agent or the Secured Creditors to enforce the Collateral. In the event of such suit, each Debtor shall, at the request of the Agent, do any and all lawful acts and execute any and all documents required by the Agent in aid of such enforcement and such Debtor shall promptly, upon demand, reimburse and indemnify the Agent, as the case may be, for all costs and expenses incurred by the Agent in the exercise of its rights under this Section. In the event that the Agent shall elect not to bring suit to enforce the Collateral, each Debtor agrees, to the extent required by Section 6, to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any person so infringing necessary to prevent such infringement.

Section 14. Expenses. Each Debtor will, upon demand, pay to the Agent the amount of any and all reasonable costs and expenses, including the fees and expenses of its counsel and the fees and expenses of any experts and agents, which any Secured Creditor may incur in connection with (i) the enforcement and administration of this Agreement (including, without limitation, the filing or recording of any documents), (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of any Secured Creditor hereunder or (iv) the failure by such Debtor to perform or observe any of the provisions hereof. All amounts payable by such Debtor under this Section shall be due from such Debtor upon demand and shall bear interest from the date incurred by the applicable Secured Creditor at the rate per annum (computed on the basis of a year of 360 days, as the case may be, for the actual number of days elapsed) determined by adding 2% to the Base Rate from time to time in effect plus the Applicable Margin for Base Rate Loans under the Revolving Credit, with any change in such rate per annum as so determined by reason of a change in such Base Rate to be effective on the date of such change in said Base Rate (such rate per annum as so determined being hereinafter referred to as the *"Default Rate"*). All amounts so payable, together with such interest thereon, shall be part of the Obligations. The Debtors' obligations under this Section shall survive the termination of this Agreement and the discharge of the Debtors' other obligations hereunder.

Section 15. Termination and Release. This Agreement is made for collateral purposes only. This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Obligations, both for principal and interest, have been fully paid and satisfied and the commitments of the Secured Creditors to extend credit to or for the account of any Borrower under the Credit Agreement shall have terminated. Upon such termination of this Agreement, the Agent shall, upon the request and at the expense of the Debtors, forthwith assign, transfer and deliver, against receipt and without recourse to the Agent, such of the Collateral as may then be in the possession of the Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof to or on the order of any Debtor. Said assignment, transfer and delivery shall include an instrument in form recordable in the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, by which the Agent shall terminate, release and, without representation, recourse or warranty, reassign to the relevant Debtor all rights in each Patent, Patent License, Trademark, Trademark License, Copyright and Copyright License, including each registration thereof and application therefor, conveyed and transferred to the Agent pursuant to this Agreement.

TRADEMARK
REEL: 002147 FRAME: 0613

Section 16. The Agent. In acting under or by virtue of this Agreement, the Agent shall be entitled to all the rights, authority, privileges and immunities provided in Section 11 of the Credit Agreement, all of which provisions of said Section 11 are incorporated by reference herein with the same force and effect as if set forth herein. The Agent hereby disclaims any representation or warranty to the other Secured Creditors concerning the perfection of the security interest granted hereunder or the value of the Collateral.

Section 17. Miscellaneous. (a) This Agreement cannot be changed or terminated orally. This Agreement shall create a continuing security interest in the Collateral and shall be binding upon each Debtor, its successors and assigns and shall inure, together with the rights and remedies of the Secured Creditors hereunder, to the benefit of the Secured Creditors and their successors and assigns; *provided, however,* that no Debtor may assign its rights or delegate its duties hereunder without the Agent's prior written consent. Without limiting the generality of the foregoing, and subject to the provisions of the Credit Agreement, any Secured Creditor may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Secured Creditor herein or otherwise, subject, however, to the provisions of the Credit Agreement. Each Debtor hereby releases each Secured Creditor from any liability for any act or omission relating to the Collateral or this Agreement, except such Secured Creditor's gross negligence or willful misconduct.

(b) Except as otherwise specified herein, all communications hereunder shall be in writing (including cable, telecopy and telex) and shall be given to the relevant party, and shall be deemed to have been made when given to the relevant party, in accordance with Section 13.8 of the Credit Agreement.

(c) No Secured Creditors (other than the Agent) shall have the right to institute any suit, action or proceeding in equity or at law for the foreclosure against any Collateral subject to this Agreement or for the execution of any trust or power hereof or for the appointment of a receiver, or for the enforcement of any other remedy under or upon this Agreement; it being understood and intended that no one or more of the Lenders shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Agreement by its or their action or to enforce any right hereunder, and that all proceedings at law or in equity shall be instituted, had and maintained by the Agent in the manner herein provided and for the ratable benefit of the Secured Creditors.

(d) In the event that any provision hereof shall be deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision, but only as to such jurisdictions where such law or interpretation is operative, and the invalidity of such provision shall not affect the validity of any remaining provision hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(e) The lien and security interest herein created and provided for stand as direct and primary security for the Obligations. No application of any sums received by the Secured Creditors in respect of the Collateral or any disposition thereof to the reduction of the

TRADEMARK
REEL: 002147 FRAME: 0614

Obligations or any part thereof shall in any manner entitle any Debtor to any right, title or interest in or to the Obligations or any collateral or security therefor, whether by subrogation or otherwise, unless and until all Obligations have been fully paid and satisfied and all agreements of the Secured Creditors to extend credit constituting Obligations have expired or otherwise terminated. Each Debtor acknowledges that the lien and security interest hereby created and provided are absolute and unconditional and shall not in any manner be affected or impaired by any acts of omissions whatsoever of any Secured Creditor or any other holder of any Obligations, and without limiting the generality of the foregoing, the lien and security interest hereof shall not be impaired by any acceptance by the Secured Creditors or any other holder of any Obligations of any other security for or guarantors upon any of the Obligations or by any failure, neglect or omission on the part of any Secured Creditor or any other holder of any Obligations to realize upon or protect any of the Obligations or any collateral or security therefor (including, without limitation, impairment of collateral or failure to perfect security interest in collateral). The lien and security interest hereof shall not in any manner be impaired or affected by (and the Secured Creditors, without notice to anyone, are hereby authorized to make from time to time) any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or disposition of any of the Obligations or of any collateral or security therefor, or of any guaranty thereof, or of any instrument or agreement setting forth the terms and conditions pertaining to any of the foregoing. The Secured Creditors may at their discretion at any time grant credit to any Borrower without notice to the other Debtors in such amounts and on such terms as the Secured Creditors may elect (all of such to constitute additional Obligations hereby secured) without in any manner impairing the lien and security interest created and provided for herein. In order to realize hereon and to exercise the rights granted the Secured Creditors hereunder and under applicable law, there shall be no obligation on the part of any Secured Creditor or any other holder of any Obligations at any time to first resort for payment to any Borrower or to any other Debtor or to any guaranty of the Obligations or any portion thereof or to resort to any other collateral, security, property, liens or any other rights or remedies whatsoever, and the Secured Creditors shall have the right to enforce this Agreement against any Debtor or any of its Collateral irrespective of whether or not other proceedings or steps seeking resort to or realization upon or from any of the foregoing are pending.

(f) In the event the Secured Creditors shall at any time in their discretion permit a substitution of Debtors hereunder or a party shall wish to become a Debtor hereunder, such substituted or additional Debtor shall, upon executing an agreement in the form attached hereto as *Schedule D,* become a party hereto and be bound by all the terms and conditions hereof to the same extent as though such Debtor had originally executed this Agreement and, in the case of a substitution, in lieu of the Debtor being replaced. Any such agreement shall contain information as to such Debtor necessary to update the Schedules hereto with respect to it. No such substitution shall be effective absent the written consent of Collateral Agent nor shall it in any manner affect the obligations of the other Debtors hereunder.

(g) Notwithstanding anything to the contrary contained in this Agreement, no Secured Creditor shall exercise any right of set-off without the prior consent of the Agent so long as any Obligations shall be secured by any real property located in the State of California, it being understood and agreed, however, that this sentence is for the sole benefit of the Secured

TRADEMARK
REEL: 002147 FRAME: 0615

Creditors and may be amended, modified or waived in any respect by the Required Lenders and TWG without the requirement of prior notice to or consent by any other Debtor and does not constitute a waiver of any rights against any Debtor or against any Collateral.

(h) This Agreement shall be deemed to have been made in the State of Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to principles of conflicts of law, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of Illinois. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

(i) Each Debtor hereby submits to the non-exclusive jurisdiction of the United States District Court for the Northern District of Illinois and of any Illinois state court sitting in Cook County, Illinois for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Debtor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient form. EACH DEBTOR AND, BY ACCEPTING THE BENEFITS OF THIS AGREEMENT, EACH SECURED CREDITOR HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRAIL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(j) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument.

[SIGNATURE PAGE TO FOLLOW]

TRADEMARK
REEL: 002147 FRAME: 0616

IN WITNESS WHEREOF, each Debtor has caused this Agreement to be duly executed and delivered as of the date first above written.

"DEBTORS"

TERLATO WINE GROUP, LTD.
PATERNO IMPORTS, LTD.
PACIFIC WINE COMPANY
DIRECT IMPORT WINE COMPANY
RIVER CITY DISTRIBUTING COMPANY
RUTHERFORD HILL WINERY
VINTAGE WINES, LTD.
VINTRIO CORPORATION
SOMMELIER SELECTIONS, LTD

By _____
John A. Scribner
Chief Financial Officer for each Debtor

Accepted and agreed to in Chicago, Illinois as of the date first above written.

HARRIS TRUST AND SAVINGS BANK, as Agent

By _____
John M. Dillon
Managing Director

Address:
111 West Monroe Street
Chicago, Illinois 60603
Attention: Emerging Majors IL3
Telephone: (312) 461-6780
Telecopy: (312) 293-5068

Bank IP Signature Page

STATE OF Illinois)
) SS
COUNTY OF Cook)

I, Lisa Jankiewicz, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John A. Scribner, Chief Financial Officer of each of Terlato Wine Group, Ltd., Paterno Imports, Ltd., Pacific Wine Company, River City Distributing Company, Rutherford Hill Winery, Vintage Wines, Ltd., Vintrio Corporation and Sommelier Selections, Ltd. who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Chief Financial Officer, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said limited liability company for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 31st day of August, 2000.

OFFICIAL SEAL
LISA JANKIEWICZ
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 27,2002

Lisa Jankiewicz
Notary Public

(NOTARIAL SEAL)

Lisa Jankiewicz
(Type or Print Name)

My Commission Expires:

10-27-2002

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Lisa Jankiewicz, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John M. Dillon, Managing Director of Harris Trust and Savings Bank, an Illinois banking corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that she/he signed and delivered the said instrument as her/his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 31st day of August, 2000.

OFFICIAL SEAL
LISA JANKIEWICZ
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 27,2002

Lisa Jankiewicz
Notary Public

(NOTARIAL SEAL)

Lisa Jankiewicz
(Type or Print Name)

My Commission Expires:

10-27-2002

SCHEDULE A

NAME OF DEBTOR	MAILING ADDRESS
Terlato Wine Group, Ltd.	900 Armour Drive Lake Bluff, Illinois 60044
Paterno Imports, Ltd.	900 Armour Drive Lake Bluff, Illinois 60044
Pacific Wine Company	900 Armour Drive Lake Bluff, Illinois 60044
Direct Import Wine Company	900 Armour Drive Lake Bluff, Illinois 60044
River City Distributing Company	900 Armour Drive Lake Bluff, Illinois 60044
Rutherford Hill Winery	900 Armour Drive Lake Bluff, Illinois 60044
Vintage Wines, Ltd.	900 Armour Drive Lake Bluff, Illinois 60044
Vintrio Corporation	900 Armour Drive Lake Bluff, Illinois 60044
Sommelier Selections, Ltd.	900 Armour Drive Lake Bluff, Illinois 60044

SCHEDULE A-1

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

U.S. PATENT NUMBERS
AND PENDING U.S. PATENT APPLICATION NUMBERS

DEBTOR	U.S. PATENT NUMBER	TITLE OF PATENT	DATE ISSUED
	None		

SCHEDULE A-2

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

PATENT LICENSES

U.S. PATENT NUMBER	DATE ISSUED	LICENSE AGREEMENT
	None	

SCHEDULE B-1

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

REGISTERED U.S. TRADEMARKS
AND TRADEMARK APPLICATIONS

DEBTOR	MARK	SERIAL NO./REG. NO.	FILING DATE/REG. DATE	STATUS
Paterno Imports, Ltd.	Episode	75/2200052 – 2,237,324	04/06/1999	Registered
	Graf Johann Von Blesius	73/197341 1,142,087	02/12/1980	Registered
	Mazzoni	73/212610 – 1,220,238	12/14/1982	Registered
	Miscellaneous Design	73/283185 – 1,249,217	08/23/1983	Registered
	Valle Nevado	74/460314 – 2,010,443	10/22/1996	Registered
	Vina Del Mar (Stylized)	74/153152 – 1,720,583	09/29/1992	Registered
	Paterno Imports	74/576,700 – 1,977,708	06/04/1996	Registered
	Tangley Oaks	74/654773 – 2,044,631	03/11/1997	Registered
	Emperor's Fountain	74/691368- 2,192,482	09/29/1998	Registered
	Entre Nous	74/670236- 2,051,400	04/08/1997	Registered
Rutherford Hill Winery	Rutherford Hill	75/299025 – 2,149,499	04/07/1998	Registered
	Hunter Ashby	75/304675 – 2,164,068	06/09/1998	Registered
Pacific Wine Company	Ettore Fieramosca	71/405056 – 0,359,580	08/23/1938	Registered

REGISTERED STATE TRADEMARKS AND TRADEMARK APPLICATIONS

REGISTERED STATE TRADEMARKS	REGISTRATION NO.	DATE
	None	

PENDING STATE TRADEMARK APPLICATIONS	FILING NO.	FILING DATE
	None	

COMMON LAW RIGHTS

None

SCHEDULE B-2

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

TRADEMARK LICENSES

None

SCHEDULE C-1

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

COPYRIGHTS

U.S. COPYRIGHT REG. NO. (AUTHOR)	TITLE	DATE OF REG.
	None	

PENDING U.S. COPYRIGHT APPLICATION NO. (AUTHOR)	TITLE	FILING DATE
	None	

SCHEDULE C-2

TO SECURITY AGREEMENT
RE: INTELLECTUAL PROPERTY

COPYRIGHT LICENSES

U.S. COPYRIGHT REG. NO. (AUTHOR)	TITLE	DATE OF REG.	LICENSE AGREEMENT REFERENCE
None			

SCHEDULE D

ASSUMPTION AND SUPPLEMENTAL SECURITY AGREEMENT

THIS AGREEMENT dated as of this _____ day of _____, ____ from [Insert name of new debtor], a _____ corporation (the *"New Debtor"*), to Harris Trust and Savings Bank (*"HTSB"*), as agent for the Secured Creditors (defined in the Security Agreement hereinafter identified and defined) (HTSB acting as such agent and any successor or successors to HTSB in such capacity being hereinafter referred to as the *"Agent"*);

WITNESSETH THAT:

WHEREAS, the Terlato Wine Group, Inc. formerly known as International Products Corporation (*"TWG"*), Paterno Imports, Ltd., an Illinois corporation (*"Paterno Imports"*), Pacific Wine Company, an Illinois corporation (*"Pacific Wine"*), Direct Import Wine Company, a Delaware corporation (*"Direct Import"*), River City Distributing Company, an Illinois corporation (*"River City"*), Rutherford Hill Winery, a California corporation (*"Rutherford Hill"*) formerly known as Tangley Oaks, Inc., and Vintage Wines, Ltd., an Illinois corporation (*"Vintage Wines"*) (TWG, Paterno Imports, Pacific Wines, Direct Import, River City, Rutherford Hill and Vintage Wines collectively referred to herein as the *"Borrowers"* and individually as a *"Borrower"*), Vintrio Corporation, an Illinois corporation, Sommelier Selections, Ltd., an Illinois corporation and certain other parties have executed and delivered to the Agent that certain Security Agreement Re: Intellectual Property dated as of August 31, 2000 (such Security Agreement Re: Intellectual Property, as the same may from time to time be amended, modified, or restated, including supplements thereto which add additional parties as Debtors thereunder, being hereinafter referred to as the *"Security Agreement"*) pursuant to which such parties (the *"Existing Debtors"*) have granted to the Agent for the benefit of the Secured Creditors a lien on and security interest in each such Existing Debtor's Collateral (as such term is defined in the Security Agreement) to secure the Obligations (as such term is defined in the Security Agreement); and

WHEREAS, the Borrowers provide the New Debtor with substantial financial, managerial, administrative, and technical support and the New Debtor will directly and substantially benefit from credit and other financial accommodations extended and to be extended by the Secured Creditors to the Borrowers;

NOW, THEREFORE, FOR VALUE RECEIVED, and in consideration of advances made or to be made, or credit accommodations given or to be given, to the Borrowers by the Secured Creditors from time to time, the New Debtor hereby agrees as follows:

1. The New Debtor acknowledges and agrees that it shall become a "Debtor" party to the Security Agreement effective upon the date the New Debtor's execution of this Agreement and the delivery of this Agreement to the Agent, and that upon such execution and delivery, all references in the Security Agreement to the terms "Debtor" or "Debtors" shall be deemed to

include the New Debtor. Without limiting the generality of the foregoing, the New Debtor hereby repeats and reaffirms all grants (including the grant of a lien and security interest), covenants, agreements, representations and warranties contained in the Security Agreement as amended hereby, each and all of which are and shall remain applicable to the Collateral from time to time owned by the New Debtor or in which the New Debtor from time to time has any rights. Without limiting the foregoing, in order to secure payment of the Obligations, whether now existing or hereafter arising, the New Debtor does hereby grant to the Agent for the benefit of itself and the other Secured Creditors, and hereby agrees that the Agent has and shall continue to have for the benefit of itself and the other Secured Creditors a continuing lien on and security interest in, among other things, all of the New Debtor's Collateral (as such term is defined in the Security Agreement), including, without limitation, all of the New Debtor's Patents, Patent Licenses, Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, and all of the other Collateral described in Section 2 of the Security Agreement, each and all of such granting clauses being incorporated herein by reference with the same force and effect as if set forth in their entirety except that all references in such clauses to the Existing Debtors or any of them shall be deemed to include references to the New Debtor. Nothing contained herein shall in any manner impair the priority of the liens and security interests heretofore granted in favor of the Agent under the Security Agreement.

2. Schedules A-1, A-2, B-1, B-2, C-1 and C-2 to the Security Agreement shall be supplemented by the information stated below with respect to the New Debtor:

TRADEMARK
REEL: 002147 FRAME: 0630

SUPPLEMENT TO SCHEDULE A-1

U.S. PATENT NUMBERS
AND PENDING U.S. PATENT APPLICATION NUMBERS

SUPPLEMENT TO SCHEDULE A-2

PATENT LICENSES

SUPPLEMENT TO SCHEDULE B-1

REGISTERED U.S. AND STATE TRADEMARKS
AND TRADEMARK APPLICATIONS

SUPPLEMENT TO SCHEDULE B-2

TRADEMARK LICENSES

SUPPLEMENT TO SCHEDULE C-1

COPYRIGHT REGISTRATIONS AND APPLICATIONS

SUPPLEMENT TO SCHEDULE C-2

COPYRIGHT LICENSES

3. The New Debtor hereby acknowledges and agrees that the Obligations are secured by all of the Collateral according to, and otherwise on and subject to, the terms and conditions of the Security Agreement to the same extent and with the same force and effect as if the New Debtor had originally been one of the Existing Debtors under the Security Agreement and had originally executed the same as such an Existing Debtor.

4. All capitalized terms used in this Agreement without definition shall have the same meaning herein as such terms have in the Security Agreement, except that any reference to the term "Debtor" or "Debtors" and any provision of the Security Agreement providing meaning to such term shall be deemed a reference to the Existing Debtors and the New Debtor. Except as specifically modified hereby, all of the terms and conditions of the Security Agreement shall stand and remain unchanged and in full force and effect.

5. The New Debtor agrees to execute and deliver such further instruments and documents and do such further acts and things as the Agent may deem necessary or proper to carry out more effectively the purposes of this Agreement.

TRADEMARK
REEL: 002147 FRAME: 0631

6. No reference to this Agreement need be made in the Security Agreement or in any other document or instrument making reference to the Security Agreement, any reference to the Security Agreement in any of such to be deemed a reference to the Security Agreement as modified hereby.

7. This Agreement shall be governed by and construed in accordance with the State of Illinois (without regard to principles of conflicts of law).

[NEW DEBTOR]

By _____
Name _____
Title _____

Accepted and agreed to as of the date first above written.

HARRIS TRUST AND SAVINGS BANK, as Agent

By _____
Name _____
Title _____