

06-10-2002

FORM PTO-1594
(Rev 5-93)



U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner

102116631

original documents or copy thereof.

1. Name of conveying party(ies):

ADVANCED H20, INC.

Individual(s) citizenship:

Association:

General Partnership:

Limited Partnership:

Corporation - State: WASHINGTON

Other:

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

3. Nature of Conveyance:

[] Assignment

[X] Security Agreement

[] Other

[] Merger

[] Change of Name

Execution Date: May 31, 2002

2. Name and address of receiving party(ies):

Name: COMERICA BANK-CALIFORNIA
Address: 333 WEST SANTA CLARA STREET
City: SAN JOSE State: CA Zip: 95113

Individual(s) citizenship:

Association:

General Partnership:

Limited Partnership:

Corporation - State:

Other: a California banking corporation

If assignee is not domiciled in the United States, a domestic representative designation is attached: [] Yes [] No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? [] Yes [x] No

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

A. Trademark Application No.(s)

~~76/274,360~~

75/817,311

75/814,945

76/394,045

76/360,154

B. Trademark Registration No.(s)

2,505,528

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

Name: Erin O'Brien
Internal Address: GRAY CARY WARE & FREIDENRICH
4365 Executive Drive, Suite 1100
San Diego, California 92121-2133

6 Total number of applications and registrations involved: 6

7. Total fee (37 CFR 3.41) \$165.00

[X] Enclosed

[] Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Erin O'Brien
Name of Person Signing

Erin O'Brien
Signature

June 7, 2002
Date

Total number of pages comprising cover sheet: [6]

Mail Documents to be recorded with required cover sheet information to:
U.S. Patent and Trademark Office, Office of Public Records
1213 Jefferson Davis Highway, 3rd Floor
Arlington, VA 22202

06/10/2002 DBYRNE 00000201 76274360

01 FC:441 40.00 OP
02 FC:442 125.00 OP

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TRADEMARK
REEL: 002522 FRAME: 0109

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of May 31, 2002, by and between COMERICA BANK-CALIFORNIA ("Bank") and ADVANCED H2O, INC., a Washington corporation ("Grantor").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodations to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Bank and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein are used as defined in the Loan Agreement). Bank is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

B. Pursuant to the terms of the Loan Agreement, Grantor has granted to Bank a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Loan Agreement and all other agreements now existing or hereafter arising between Grantor and Bank, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Loan Agreement and under any other agreement now existing or hereafter arising between Grantor and Bank, Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Bank under the Loan Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other Loan Documents, and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Loan Agreement or any of the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all intellectual property rights in connection to which Grantor has registered or filed an application with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

ADVANCED H2O, INC.

Address of Grantor:

13226 SE 30th Street, Suite B-3
Bellevue, WA 98005

Attn: Chief Executive Officer

By: 

Title: COO/SEC

BANK:

COMERICA BANK-CALIFORNIA

Address of Bank:

333 West Santa Clara Street
San Jose, CA 95113

Attn: Corporate Banking Center

By: 

Title: VICE PRESIDENT

EXHIBIT A

Copyrights

Registration
Number

Registration
Date

Description

EXHIBIT B

Patents

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
U.S. patent application titled PROCESS FOR PRODUCING IMPROVED ALKALINE DRINKING WATER AND THE PRODUCT PRODUCED THEREBY	Application No. 09/843,086	Filed 25 April 2001
PCT international application corresponding to the U.S. application (titled PROCESS FOR PRODUCING IMPROVED ALKALINE DRINKING WATER AND THE PRODUCT PRODUCED THEREBY)	Int'l App. PCT/US02/12955	Filed 25 April 2002

EXHIBIT C

Trademarks

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
MICROSTRUCTURED	SN 76/274,360	6/19/01
MICROSTRUCTURED	SN 75/814,945	10/4/99
ZAQUA	Reg. 2,505,528	11/6/01
ZAQUA	SN 76/360,154	1/17/02
ZAQUA	SN 75/817,311	10/6/99
SIMPLY SMOOTH, PURELY DELICIOUS	SN 76/394,045	4/10/02
CASCADE CLEAR (assigned by CC Beverage (U.S.) Corp.)	Reg. TMA510,892 (Canada)	4/14/99