

03-02-2007

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark OfficeRECEIVED
TI

103377480

To the Director of the U. S. Patent and Trademark Office

ments or the new address(es) below.

1. Name of conveying party(ies):

Waterbrook Winery, Inc.

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation- State: Washington
☐ Other _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? ☐ Yes ☒ No

3. Nature of conveyance)/Execution Date(s) :

Execution Date(s) February 14, 2007

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? ☐ Yes ☒ NoName: Northwest Farm Credit Services, PCA

Internal

Address: P.O. Box 2515Street Address: 1700 South Assembly StreetCity: SpokaneState: WashingtonCountry: USA Zip: 99224-2121

- ☐ Association Citizenship _____
☐ General Partnership Citizenship _____
☐ Limited Partnership Citizenship _____
☐ Corporation Citizenship _____

☒ Other PCA Citizenship _____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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

78/700339

B. Trademark Registration No.(s)

3,132,567

Additional sheet(s) attached? ☐ Yes ☒ No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

78/700339 - WB

3,132,567 - WATERBROOK

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

Name: Mark W. HendricksenInternal Address: 601 West First Avenue, Suite 1300Street Address: 601 West First Avenue, Suite 1300City: SpokaneState: Washington Zip: 99201-3828Phone Number: (509) 624-4276Fax Number: (509) 838-3424Email Address: mhendricksen@wellsstjohn.com

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 65.00

- ☐ Authorized to be charged by credit card
☐ Authorized to be charged to deposit account
☒ Enclosed Check #152826

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____b. Deposit Account Number 23-0925Authorized User Name Wells St. John P.S.

9. Signature:

Signature

Date

Mark W. Hendricksen

Name of Person Signing

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

Waterbrook Winery, Inc.
Customer/Note Nos. 54029-141 and -241

**SECURITY AGREEMENT AND LICENSE
OF INTELLECTUAL PROPERTY**

THIS SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY ("Agreement") dated as of February 14, 2007, and is by and between **WATERBROOK WINERY, INC.**, a corporation organized under the laws of the State of Washington (including as it does business as Waterbrook Winery, whose principal places of business are at 3534 Bagley Avenue North, Seattle, WA 98103, and at the winery located at 31 E. Main Street, Walla Walla, WA 99362) (hereinafter individually and collectively "Debtor"), and **NORTHWEST FARM CREDIT SERVICES, PCA**, whose principal places of business are at 1700 South Assembly Street, Spokane, Washington 99224-2121, P.O. Box 2515, Spokane, Washington 99220-2515 (hereinafter "Secured Party").

Debtor and Secured Party have executed a certain General Business Security Agreement of even date herewith and other documents (hereinafter the "Security Agreement") which grant to Secured Party a security interest in Debtor's assets, including, without limitation, any and all of its accounts, inventory, equipment and general intangibles and intellectual property, including, but not limited to trademarks, trademark applications, trade names, service marks, logos, slogans, copyrights, all registrations pertaining to the foregoing, goodwill and licenses; and the foregoing is hereinafter collectively called the "Collateral"; and

The Debtor and the Secured Party wish to make specific provision in this Agreement for the Debtor's intangibles and intellectual property identified herein, including for the recording thereof in the appropriate offices;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party agree as follows:

A. Incorporation of Security Agreement. All of the terms and provisions of the Security Agreement are incorporated herein by reference in their entirety; and the capitalized terms used herein shall have the meaning assigned to them in the Security Agreement.

B. Grant of Security Interest in Intellectual and Intangible Property. Debtor hereby irrevocably grants a security interest to Secured Party all of the following collateral items now owned or hereafter acquired or arising, which shall be referred to herein as the Intellectual & Intangible Property of Debtor, to secure payment and performance of the debts, liabilities and obligations of Debtor to Secured Party:

SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 1
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

1. All trademarks, service marks, logos, slogans, trademark and service mark registrations, trade names, service mark and trademark applications, including, without limitation, the trademarks, service marks and applications (if any) listed on Schedule A attached hereto (hereinafter the "Trademarks"); and

(a) All renewals of any of the foregoing;

(b) All income, royalties, damages and payments now or hereafter due and/or payable with respect to the trademarks, including, without limitation, all damages and payments for past or future infringements of the Trademarks;

(c) All rights to sue for the past, present and future infringements of the Trademarks; and

(d) All rights corresponding to the Trademarks throughout the world to the extent available to Debtor.

2. All copyrights, including, without limitation, all unregistered or common law copyrights.

3. All licensing, distribution, publishing and exclusive dealing agreements with any other person or entity (hereinafter the "Licenses"), and the right to prepare for sale, sell and advertise for sale, all goods (as defined in the Uniform Commercial Code), wherever located, now or hereafter owned by the Debtor and which is covered by such Licenses to the extent, and only to the extent, Debtor is permitted to collaterally pledge the Licenses pursuant to the underlying agreements relating thereto.

4. The goodwill of each of the Debtor's businesses connected with and/or symbolized by the business, the Trademarks (hereinafter "Goodwill").

5. The trade secrets, recipes, formulas and Confidential Information of Debtor's business. For the purposes of this Agreement, Confidential Information includes, without limitation, any proprietary aspect of the operation of Debtors, including without limitation: all recipes and their related measurements; all processes, techniques, skills, temperatures, and timing; all formulas and winemaking techniques and processes; and ingredient standards, ingredient supplier and customer lists, equipment standards, special uses of equipment not commonly known outside Debtor, and equipment supplier lists.

6. Similar or After-Acquired Property: All property (tangible or intangible), property interests, rights, choses in action and goods similar to those described above, which at any time hereafter may be acquired by Debtor; also all additions thereto and all proceeds thereof.

Debtor hereby agrees that Secured Party's rights in and to the Intellectual and Intangible Property now or hereafter received by Debtor, shall be worldwide to the extent of Debtor's rights with respect thereto.

C. Disposition of Intellectual Property. After the occurrence of an Event or Default (as defined in the Security Agreement), Secured Party may sell, assign, license or convey any or all of the Intellectual and Intangible Property, to any purchaser(s) who would require some or all of such intellectual property as a condition to purchasing Debtor's business or any of the inventory, equipment and/or product lines of Debtor. Secured Party shall have no right to sell, assign or convey any or all of the Intellectual and Intangible Property, on any basis independent or apart from a sale of the inventory, equipment and/or product lines of Debtor (or a part thereof).

D. License to Use Intellectual and Intangible Property. In addition to Secured Party's other rights and interests herein, Debtor grants to Secured Party an exclusive royalty-free transferable license and right to use the Intellectual and Intangible Property, for the purpose of permitting Secured Party to manufacture, use, sub-license and/or dispose of the Collateral commencing on the date of an Event of Default, and physical possession thereof as provided in Paragraph C above.

E. Waiver of Payments by Secured Party. Secured Party shall have no liability to Debtor or any other party for any royalties or other charges arising from Secured Party's use or disposition of the Intellectual and Intangible Property (including from any use pursuant to the license granted in Section D above), except for any such liability arising from the gross negligence or willful misconduct of the Secured Party or its agents, and except for any such liability resulting from the knowing violation by Secured Party or its agents of the rights of others arising from such use or disposition. Debtor hereby indemnifies Secured Party from any royalties, expenses, charges, and/or liabilities incurred by Secured Party under this Agreement (or otherwise) and from any litigation, claims, actions and/or proceedings against Secured Party regarding the use and/or disposition of the Intellectual and Intangible Property, (including, but not limited to, reasonable attorneys' fees), except for any such liability arising from the gross negligence or willful misconduct of the Secured Party or its agents, and except for any such liability resulting from the knowing violation by Secured Party or its agents of the rights of others arising from such use or disposition.

F. Termination of this Security Agreement and License. The term of the security agreement and license granted to Secured Party herein shall expire upon the earlier of:

1. The expiration of each of the respective Intellectual and Intangible Property for which a security interest is granted herein (including any renewals thereof); or
2. Full satisfaction of all of Debtor's obligations to Secured Party, as set forth in the Security Agreement.

SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 3
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

TRADEMARK
REEL: 003495 FRAME: 0633

Upon payment in full of the obligations, Secured Party shall execute and deliver to Debtor all satisfactions and other instruments as may be necessary or proper to release Secured Party's interest in and to the Intellectual and Intangible Property (subject to any disposition thereof which may have been made by Secured Party during the term of this Agreement in accordance with the terms hereof), according to the Security Agreement.

G. Duties of Debtor. Until the Intellectual and Intangible Property are disposed of as contemplated in Paragraph C above, Debtor shall have the unconditional duty to, subject to Debtor's good faith business judgment:

1. Pay all taxes, fees and other amounts necessary to maintain in full force and effect all of the Intellectual and Intangible Property;
2. Prosecute diligently any Trademark rights and/or application acquired by Debtor now or hereafter until the Obligations shall have been paid in full,;
3. Preserve and maintain all of Secured Party's rights in and to the Trademark(s), Copyright(s) and License(s), including without limitation, filing all necessary declarations, renewals and government fees in connection therewith; and
4. Promptly notify Secured Party in writing of any new Patent, Trademark, Copyright or License, or any material change in the status of Debtor's interests in any Patent, Trademark, Copyright or License.

All expenses incurred in fulfilling Debtor's duties hereunder shall be borne solely and exclusively by Debtor. Secured Party shall have no obligation or liability to pay any taxes or fees regarding the Intellectual and Intangible Property, or Secured Party's use thereof; nor shall Secured Party have any duties in connection with the application for, protection and/or maintenance of the Intellectual and Intangible Property. Debtor shall not abandon any rights in and to any patentable invention or in any Trademark or Copyright without the prior written consent of Secured Party.

H. Secured Party's Rights to Protect Intellectual and Intangible Property. After the occurrence of an Event of Default, Secured Party shall have the right, but shall in no way be obligated, to bring suit in its own name or otherwise to enforce its rights (or those of Debtor) in the Intellectual and Intangible Property. If Secured Party shall commence any such permitted suit, Debtor shall, at the request of the Secured Party, do all lawful acts and execute all proper documents required by Secured Party in aid of such enforcement. Debtor shall promptly, upon demand, reimburse and indemnify Secured Party for all reasonable costs and expenses incurred by Secured Party in exercise of its rights under this Agreement. In the event Secured Party incurs any expense or cost in protecting and/or enforcing its rights under this Agreement (or its rights and interests in and to the Intellectual and Intangible Property), such expense and cost shall be deemed an "Obligation" under the Security Agreement and subject to all the provisions thereof. Upon the request of Secured Party, Debtor shall promptly provide such other

documents, certificates or information as may be necessary for Secured Party to properly record or evidence this pledge and mortgage with the appropriate domestic and/or foreign governmental authorities.

I. Waivers. No course of dealing between Debtor and Secured Party, nor any failure to exercise, or any delay in exercising, on the part of Secured Party, any right or privilege hereunder shall operate as a waiver of such right or privilege, or preclude Secured Party from any other or further exercise of any right or privilege, pursuant to the Security Agreement.

J. Severability. The provisions of this Agreement are severable. If any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

K. Entire Agreement. This Agreement constitutes the entire agreement of the parties as to the subject matter hereto. No provision of this Agreement may be waived or modified in any manner (including this paragraph) without the prior written consent of Debtor and Secured Party.

L. Cumulative Remedies. All of Secured Party's rights and remedies with respect to the Intellectual and Intangible, whether established hereunder or by the Security Agreement, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

M. Beneficiaries. This Agreement shall be binding upon the Debtor and its successors and assigns and shall inure to the benefit of Secured Party and its respective successors and assigns.

N. Default Limited. Wherever this Agreement provides that the Secured Party shall have rights and remedies after the occurrence of an Event of Default, it is understood and agreed that any waiver of an Event of Default executed and delivered by the Secured Party in writing

shall cause the particular Event of Default which is waived to be deemed not to have existed for the purpose of determining whether the Secured Party may exercise rights and remedies after, or whether certain changes in the terms of this Agreement occur as a result of, the occurrence of an Event of Default.

Dated this 14th day of February, 2007.

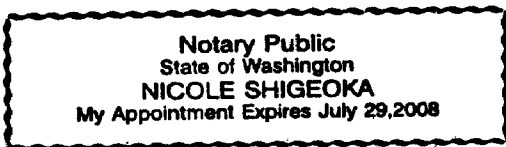
WATERBROOK WINERY, INC.

By: Daniel R. Baty
Daniel R. Baty, Authorized Representative

By: Andrew T. Browne
Andrew T. Browne, Authorized Representative

STATE OF washington)
County of King)ss.

On this 14th day of February, 2007, before me personally appeared Daniel R. Baty and Andrew T. Browne, known to me to be the Authorized Representatives, respectively, of Waterbrook Winery, Inc., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that they were authorized to execute said instrument.



Nicole Shigeoka
Notary Public for the State of Washington
Residing at 7415 5th AVE NE Apt. 210 SEATTLE, WA 98115
My commission expires 7/29/08
Printed Name Nicole Shigeoka

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SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 6
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

TRADEMARK
REEL: 003495 FRAME: 0636

SCHEDULE A

to

Security Agreement and License of Intellectual Property

TRADEMARKS

WATERBROOK U.S. Trademark Registration No. 3,132,567

WB U.S. Trademark Application No. 78/700339

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SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 7
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

TRADEMARK
REEL: 003495 FRAME: 0637

Waterbrook Winery, Inc.
Customer/Note Nos. 54029-141 and -241

**SECURITY AGREEMENT AND LICENSE
OF INTELLECTUAL PROPERTY**

THIS SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY ("Agreement") dated as of February 14, 2007, and is by and between **WATERBROOK WINERY, INC.**, a corporation organized under the laws of the State of Washington (including as it does business as Waterbrook Winery, whose principal places of business are at 3534 Bagley Avenue North, Seattle, WA 98103, and at the winery located at 31 E. Main Street, Walla Walla, WA 99362) (hereinafter individually and collectively "Debtor"), and **NORTHWEST FARM CREDIT SERVICES, PCA**, whose principal places of business are at 1700 South Assembly Street, Spokane, Washington 99224-2121, P.O. Box 2515, Spokane, Washington 99220-2515 (hereinafter "Secured Party").

Debtor and Secured Party have executed a certain General Business Security Agreement of even date herewith and other documents (hereinafter the "Security Agreement") which grant to Secured Party a security interest in Debtor's assets, including, without limitation, any and all of its accounts, inventory, equipment and general intangibles and intellectual property, including, but not limited to trademarks, trademark applications, trade names, service marks, logos, slogans, copyrights, all registrations pertaining to the foregoing, goodwill and licenses; and the foregoing is hereinafter collectively called the "Collateral"; and

The Debtor and the Secured Party wish to make specific provision in this Agreement for the Debtor's intangibles and intellectual property identified herein, including for the recording thereof in the appropriate offices;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party agree as follows:

A. Incorporation of Security Agreement. All of the terms and provisions of the Security Agreement are incorporated herein by reference in their entirety; and the capitalized terms used herein shall have the meaning assigned to them in the Security Agreement.

B. Grant of Security Interest in Intellectual and Intangible Property. Debtor hereby irrevocably grants a security interest to Secured Party all of the following collateral items now owned or hereafter acquired or arising, which shall be referred to herein as the Intellectual & Intangible Property of Debtor, to secure payment and performance of the debts, liabilities and obligations of Debtor to Secured Party:

SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 1
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

TRADEMARK
REEL: 003495 FRAME: 0638

1. All trademarks, service marks, logos, slogans, trademark and service mark registrations, trade names, service mark and trademark applications, including, without limitation, the trademarks, service marks and applications (if any) listed on Schedule A attached hereto (hereinafter the "Trademarks"); and

(a) All renewals of any of the foregoing;

(b) All income, royalties, damages and payments now or hereafter due and/or payable with respect to the trademarks, including, without limitation, all damages and payments for past or future infringements of the Trademarks;

(c) All rights to sue for the past, present and future infringements of the Trademarks; and

(d) All rights corresponding to the Trademarks throughout the world to the extent available to Debtor.

2. All copyrights, including, without limitation, all unregistered or common law copyrights.

3. All licensing, distribution, publishing and exclusive dealing agreements with any other person or entity (hereinafter the "Licenses"), and the right to prepare for sale, sell and advertise for sale, all goods (as defined in the Uniform Commercial Code), wherever located, now or hereafter owned by the Debtor and which is covered by such Licenses to the extent, and only to the extent, Debtor is permitted to collaterally pledge the Licenses pursuant to the underlying agreements relating thereto.

4. The goodwill of each of the Debtor's businesses connected with and/or symbolized by the business, the Trademarks (hereinafter "Goodwill").

5. The trade secrets, recipes, formulas and Confidential Information of Debtor's business. For the purposes of this Agreement, Confidential Information includes, without limitation, any proprietary aspect of the operation of Debtors, including without limitation: all recipes and their related measurements; all processes, techniques, skills, temperatures, and timing; all formulas and winemaking techniques and processes; and ingredient standards, ingredient supplier and customer lists, equipment standards, special uses of equipment not commonly known outside Debtor, and equipment supplier lists.

6. Similar or After-Acquired Property: All property (tangible or intangible), property interests, rights, choses in action and goods similar to those described above, which at any time hereafter may be acquired by Debtor; also all additions thereto and all proceeds thereof.

Debtor hereby agrees that Secured Party's rights in and to the Intellectual and Intangible Property now or hereafter received by Debtor, shall be worldwide to the extent of Debtor's rights with respect thereto.

C. Disposition of Intellectual Property. After the occurrence of an Event or Default (as defined in the Security Agreement), Secured Party may sell, assign, license or convey any or all of the Intellectual and Intangible Property, to any purchaser(s) who would require some or all of such intellectual property as a condition to purchasing Debtor's business or any of the inventory, equipment and/or product lines of Debtor. Secured Party shall have no right to sell, assign or convey any or all of the Intellectual and Intangible Property, on any basis independent or apart from a sale of the inventory, equipment and/or product lines of Debtor (or a part thereof).

D. License to Use Intellectual and Intangible Property. In addition to Secured Party's other rights and interests herein, Debtor grants to Secured Party an exclusive royalty-free transferable license and right to use the Intellectual and Intangible Property, for the purpose of permitting Secured Party to manufacture, use, sub-license and/or dispose of the Collateral commencing on the date of an Event of Default, and physical possession thereof as provided in Paragraph C above.

E. Waiver of Payments by Secured Party. Secured Party shall have no liability to Debtor or any other party for any royalties or other charges arising from Secured Party's use or disposition of the Intellectual and Intangible Property (including from any use pursuant to the license granted in Section D above), except for any such liability arising from the gross negligence or willful misconduct of the Secured Party or its agents, and except for any such liability resulting from the knowing violation by Secured Party or its agents of the rights of others arising from such use or disposition. Debtor hereby indemnifies Secured Party from any royalties, expenses, charges, and/or liabilities incurred by Secured Party under this Agreement (or otherwise) and from any litigation, claims, actions and/or proceedings against Secured Party regarding the use and/or disposition of the Intellectual and Intangible Property, (including, but not limited to, reasonable attorneys' fees), except for any such liability arising from the gross negligence or willful misconduct of the Secured Party or its agents, and except for any such liability resulting from the knowing violation by Secured Party or its agents of the rights of others arising from such use or disposition.

F. Termination of this Security Agreement and License. The term of the security agreement and license granted to Secured Party herein shall expire upon the earlier of:

1. The expiration of each of the respective Intellectual and Intangible Property for which a security interest is granted herein (including any renewals thereof); or
2. Full satisfaction of all of Debtor's obligations to Secured Party, as set forth in the Security Agreement.

SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 3
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

TRADEMARK
REEL: 003495 FRAME: 0640

Upon payment in full of the obligations, Secured Party shall execute and deliver to Debtor all satisfactions and other instruments as may be necessary or proper to release Secured Party's interest in and to the Intellectual and Intangible Property (subject to any disposition thereof which may have been made by Secured Party during the term of this Agreement in accordance with the terms hereof), according to the Security Agreement.

G. Duties of Debtor. Until the Intellectual and Intangible Property are disposed of as contemplated in Paragraph C above, Debtor shall have the unconditional duty to, subject to Debtor's good faith business judgment:

1. Pay all taxes, fees and other amounts necessary to maintain in full force and effect all of the Intellectual and Intangible Property;
2. Prosecute diligently any Trademark rights and/or application acquired by Debtor now or hereafter until the Obligations shall have been paid in full,;
3. Preserve and maintain all of Secured Party's rights in and to the Trademark(s), Copyright(s) and License(s), including without limitation, filing all necessary declarations, renewals and government fees in connection therewith; and
4. Promptly notify Secured Party in writing of any new Patent, Trademark, Copyright or License, or any material change in the status of Debtor's interests in any Patent, Trademark, Copyright or License.

All expenses incurred in fulfilling Debtor's duties hereunder shall be borne solely and exclusively by Debtor. Secured Party shall have no obligation or liability to pay any taxes or fees regarding the Intellectual and Intangible Property, or Secured Party's use thereof; nor shall Secured Party have any duties in connection with the application for, protection and/or maintenance of the Intellectual and Intangible Property. Debtor shall not abandon any rights in and to any patentable invention or in any Trademark or Copyright without the prior written consent of Secured Party.

H. Secured Party's Rights to Protect Intellectual and Intangible Property. After the occurrence of an Event of Default, Secured Party shall have the right, but shall in no way be obligated, to bring suit in its own name or otherwise to enforce its rights (or those of Debtor) in the Intellectual and Intangible Property. If Secured Party shall commence any such permitted suit, Debtor shall, at the request of the Secured Party, do all lawful acts and execute all proper documents required by Secured Party in aid of such enforcement. Debtor shall promptly, upon demand, reimburse and indemnify Secured Party for all reasonable costs and expenses incurred by Secured Party in exercise of its rights under this Agreement. In the event Secured Party incurs any expense or cost in protecting and/or enforcing its rights under this Agreement (or its rights and interests in and to the Intellectual and Intangible Property), such expense and cost shall be deemed an "Obligation" under the Security Agreement and subject to all the provisions thereof. Upon the request of Secured Party, Debtor shall promptly provide such other

documents, certificates or information as may be necessary for Secured Party to properly record or evidence this pledge and mortgage with the appropriate domestic and/or foreign governmental authorities.

I. Waivers. No course of dealing between Debtor and Secured Party, nor any failure to exercise, or any delay in exercising, on the part of Secured Party, any right or privilege hereunder shall operate as a waiver of such right or privilege, or preclude Secured Party from any other or further exercise of any right or privilege, pursuant to the Security Agreement.

J. Severability. The provisions of this Agreement are severable. If any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

K. Entire Agreement. This Agreement constitutes the entire agreement of the parties as to the subject matter hereto. No provision of this Agreement may be waived or modified in any manner (including this paragraph) without the prior written consent of Debtor and Secured Party.

L. Cumulative Remedies. All of Secured Party's rights and remedies with respect to the Intellectual and Intangible, whether established hereunder or by the Security Agreement, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

M. Beneficiaries. This Agreement shall be binding upon the Debtor and its successors and assigns and shall inure to the benefit of Secured Party and its respective successors and assigns.

N. Default Limited. Wherever this Agreement provides that the Secured Party shall have rights and remedies after the occurrence of an Event of Default, it is understood and agreed that any waiver of an Event of Default executed and delivered by the Secured Party in writing

shall cause the particular Event of Default which is waived to be deemed not to have existed for the purpose of determining whether the Secured Party may exercise rights and remedies after, or whether certain changes in the terms of this Agreement occur as a result of, the occurrence of an Event of Default.

Dated this 14th day of February, 2007.

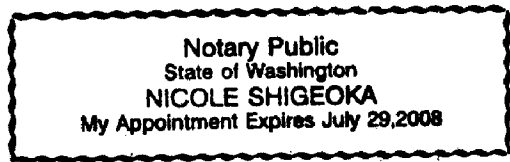
WATERBROOK WINERY, INC.

By: Daniel R. Baty
Daniel R. Baty, Authorized Representative

By: Andrew T. Browne
Andrew T. Browne, Authorized Representative

STATE OF washington)
County of King)ss.

On this 14th day of February, 2007, before me personally appeared Daniel R. Baty and Andrew T. Browne, known to me to be the Authorized Representatives, respectively, of Waterbrook Winery, Inc., the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that they were authorized to execute said instrument.



Nicole Shigeoka
Notary Public for the State of Washington
Residing at 7415 5th AVE NE Apt. 210 SEATTLE, WA 98115
My commission expires 7/29/08
Printed Name Nicole Shigeoka

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SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 6
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241

TRADEMARK
REEL: 003495 FRAME: 0643

SCHEDULE A

to

Security Agreement and License of Intellectual Property

TRADEMARKS

WATERBROOK U.S. Trademark Registration No. 3,132,567

WB U.S. Trademark Application No. 78/700339

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SECURITY AGREEMENT AND LICENSE OF INTELLECTUAL PROPERTY - 7
Waterbrook Winery, Inc.; CIF/Note Nos. 54029-141 and -241