

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

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| SUBMISSION TYPE: | NEW ASSIGNMENT |
| NATURE OF CONVEYANCE: | SECURITY INTEREST |

CONVEYING PARTY DATA

| Name | Formerly | Execution Date | Entity Type |
|-----------------------------------|----------|----------------|-------------------------|
| Tully's Coffee Corporation | | 01/03/2008 | CORPORATION: WASHINGTON |
| Tully's Coffee Asia Pacific, Inc. | | 01/03/2008 | CORPORATION: NEVADA |

RECEIVING PARTY DATA

| | |
|------------------------|----------------------------|
| Name: | UCC Ueshima Co. Ltd. |
| Street Address: | 7-7-7 Minatojima-Nakamachi |
| City: | Chuo-ku Kobe |
| State/Country: | JAPAN |
| Postal Code: | 650-8577 |
| Entity Type: | CORPORATION: JAPAN |

PROPERTY NUMBERS Total: 31

| Property Type | Number | Word Mark |
|----------------------|---------|---------------------------------|
| Registration Number: | 2369199 | BELLACCINO |
| Registration Number: | 2787759 | TULLY'S |
| Registration Number: | 2806015 | TULLY'S |
| Registration Number: | 2906503 | TULLY'S COFFEE |
| Registration Number: | 2906504 | TULLY'S COFFEE |
| Registration Number: | 2908497 | TULLY'S |
| Registration Number: | 2908498 | TULLY'S |
| Registration Number: | 2910741 | TULLY'S COFFEE |
| Registration Number: | 2912974 | TULLY'S COFFEE |
| Registration Number: | 2918288 | TULLY'S ROASTERS OF FINE COFFEE |
| Registration Number: | 2918289 | TULLY'S ROASTERS OF FINE COFFEE |
| Registration Number: | 2918290 | TULLY'S |
| Registration Number: | 2927948 | TULLY'S |

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|----------------------|----------|---|
| Registration Number: | 2928741 | TULLY'S COFFEE |
| Registration Number: | 2934768 | TULLY'S COFFEE |
| Registration Number: | 2934857 | T |
| Registration Number: | 2934899 | TULLY'S |
| Registration Number: | 2936078 | TULLY'S |
| Registration Number: | 2936468 | TULLY'S |
| Registration Number: | 2937771 | TULLY'S ROASTERS OF FINE COFFEE |
| Registration Number: | 2947750 | T |
| Registration Number: | 2951412 | TULLY'S ROASTERS OF FINE COFFEE |
| Registration Number: | 2980788 | TULLY'S COFFEE |
| Registration Number: | 2994587 | TULLY'S COFFEE HANDCRAFTED CUSTOM ROASTED COFFEE GROUND NET WEIGHT 12 OZ (34 OG) |
| Registration Number: | 3003607 | TULLY'S ROASTERS OF FINE COFFEE |
| Registration Number: | 3044359 | T |
| Registration Number: | 3117277 | T |
| Registration Number: | 3399874 | BELLACCINO |
| Serial Number: | 78290051 | T |
| Serial Number: | 78290049 | T |
| Serial Number: | 78290046 | T |

CORRESPONDENCE DATA

Fax Number: (206)464-0125
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 206-464-3939
Email: jdelo@gsblaw.com
Correspondent Name: Scott Warner
Address Line 1: 1191 2nd Ave., 18th Floor
Address Line 4: Seattle, WASHINGTON 98101

ATTORNEY DOCKET NUMBER: 13436-00100

DOMESTIC REPRESENTATIVE

Name: Scott Warner; Garvey Schubert Barer
Address Line 1: 1191 2nd Ave., 18th Floor
Address Line 4: Seattle, WASHINGTON 98101

NAME OF SUBMITTER: Scott Warner

Signature: /SGW/

Date:

03/24/2008

Total Attachments: 21

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is made as of December 28, 2007, by Tully's Coffee Corporation, a Washington corporation ("Tully's") and Tully's Coffee Asia Pacific, Inc., a Nevada Corporation ("TCAP") (collectively and severally the "Grantor") in favor of UCC Ueshima Co. Ltd., a Japanese corporation ("UCC").

RECITALS

A. Tully's and UCC have entered into that certain Settlement Agreement as of this same date (the "Settlement").

B. In accordance with the Settlement, Tully's has executed a certain Guaranty, as of this same date (the "Guaranty"), and TCAP has executed a certain Promissory Note, as of this same date (the "Note"), which provides for TCAP to pay UCC a principal sum of \$6 million U.S. dollars on the terms and conditions more particularly described in that Note.

C. It is a condition precedent to the Settlement and the Note that Tully's shall have executed and delivered this Security Agreement.

ACCORDINGLY, in consideration of the above premises and to induce UCC to enter into the Settlement and the Note, Tully's hereby agrees with UCC as follows:

AGREEMENT

1. **Defined Terms.** Unless otherwise defined herein, the capitalized terms used herein which are defined in the Settlement and Note shall have the meanings specified therein. All terms defined in this Security Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

(a) "Collateral" means:

(i) The Trademarks (provided that Trademark Collateral will not include "intent to use" trademark applications unless and until Tully's has used such trademarks and has filed a statement of use or amendment to allege use with respect to such application), and all rights in any trademarks or registrations in the United States Patent and Trademark Office to the extent the same are necessary to perfect or enforce UCC's rights in the Trademarks; all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, unfair competition, dilution, or for injury to the goodwill associated with any of the Trademarks; and all rights corresponding thereto;

(ii) All license agreements with any other party, including TCAP, in connection with any Trademarks and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter owned by Tully's or its licensees, covered by such license agreements;

(iii) The goodwill of Grantor's business connected with and symbolized by the Trademarks;

(iv) The royalties payable to Tully's under that certain Tully's Coffee Exclusive License Agreement between Tully's and TCAP, dated as of October 12, 2007, pursuant to which TCAP is obligated to remit to Tully's one percent (1%) of the aggregate net revenues, of the Tully's Stores in the Territories together with all other sales of products or services made in connection with the Tully's Business Names and Trademarks, for net revenues and sales after March 31, 2008 (all as such terms are defined in that License Agreement) (the "TCAP Royalties");

(v) All assets of TCAP, whether tangible or intangible, presently owned and hereafter acquired personal or real property, including all accounts, chattel paper, inventory, equipment, instruments, investment property, documents, deposit accounts, letter-of-credit rights, and general intangibles (the "TCAP Assets");

(vi) All common stock of TCAP (the "TCAP Shares"); and

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(vii) The proceeds and products of the foregoing and all insurance payments pertaining to the foregoing and proceeds thereof.

(b) "Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Settlement and Note (as defined therein) which Grantor may now or at any time hereafter owe to UCC, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several.

(c) "TCAP Assets" has the meaning described in paragraph (a)(v) above.

(d) "TCAP Royalties" has the meaning described in paragraph (a)(iv) above.

(e) "TCAP Shares" has the meaning described in paragraph (a)(vi) above.

(f) "Territory" means the Territory, as such term is defined the Settlement.

(g) "Trademarks" means all trademarks, service marks, collective membership marks, trade names, trade styles and related registrations listed on Exhibit A solely to the extent the same are used in the **Territory** and any which are used by or under authority of Tully's in any country in the **Territory**, and all applications and renewals for any of them and the respective goodwill associated with each and the business symbolized thereby.

(h) The words "hereof," "herein" and "hereunder" and words of like import when used in this Security Agreement shall refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement and section references are to sections in this Security Agreement unless otherwise specified.

2. Security Interest in Collateral. To secure the prompt and complete payment, observance and performance when due (whether at the stated maturity, by acceleration or otherwise) of all the Obligations, Grantor hereby irrevocably assigns and pledges to UCC, and hereby grants to UCC, a security interest with power of sale to the extent permitted by law (the "Security Interest"), in and to the Collateral, and all of Grantor's right, title and interest therein, whether now-owned or existing or hereafter arising or acquired and wheresoever located.

3. Restrictions on Future Agreements. Grantor agrees that until all the Obligations shall have been satisfied in full it will not, without UCC's prior written consent, abandon any Trademark, or enter into any agreement, including, without limitation, any license agreement (other than as necessary to maintain or protect any Trademark), which is inconsistent with the obligations of Grantors or UCC's rights under this Security Agreement or would require UCC to pay any fees or otherwise incur any expenses of any kind upon foreclosure or upon termination of such agreement, and Grantor further agrees that it will not take any action, or permit any action to be taken by any other persons to the extent that such persons are subject to its control, including licensees, or fail to take any action, which would affect the validity, priority, perfection or enforcement of the rights transferred to UCC under this Security Agreement, and any such agreement or action if it shall take place shall be null and void and of no effect whatsoever. Any licenses shall also include terms and conditions requiring the licensee to maintain the quality of all merchandise and services using the Trademarks at a level substantially consistent with or better than the quality of merchandise and services of Grantor as of the date hereof, as well as acknowledgement by the licensee that all goodwill associated with the licensee's use of the Trademarks shall, subject to UCC's interest, be the property of Grantor, and warranties and other terms standard to trademark licenses necessary to protect Grantor's and UCC's rights in the Trademarks. In the event Grantor fails to comply with the terms of this Section 3, the warranties in Section 5 or the duties set forth in Section 9, UCC shall, in addition to any other remedies available, have the right to seek injunctive relief pursuant to this Security Agreement and Section 6 of the Settlement.

4. New Trademarks. Grantor represents and warrants that the Trademarks and Licenses listed on Exhibit A constitute all of the significant trademarks, applications, trade names, service marks, service mark registrations and trademark registrations now owned and material license agreements entered into by Grantor in or relating to the Territory. If, before the Obligations shall have been satisfied in full Grantor shall, after the date hereof, (a) obtain rights to any new trademarks, trademark registrations, trademark

applications, service marks, service mark registrations, or trade names in the Territory; (b) become entitled to the benefit of any trademarks, trademark registrations, trademark applications, trade names, service marks, service mark registrations, trademark licenses or trademark license renewals in the Territory; or (c) enter into any new trademark license agreements in the Territory, the provisions of Section 2 above shall automatically apply thereto, and Grantor shall give to UCC prompt written notice thereof of all new trademark registrations and applications. Grantor hereby authorizes UCC to modify this Security Agreement by amending Exhibit A to include any future trademarks, trademark applications, trade names, service marks, service mark registrations, trademark registrations or license agreements that are the Trademarks or the Licenses, under Section 2 above or under this Section 4.

5. Additional Representations and Warranties. Grantor hereby represents, warrants, covenants and agrees that, except as otherwise provided in this Security Agreement:

(a) Subject to the rights of TCAP and Tully's under the Settlement, TCAP or Tully's is and shall continue to be the sole and exclusive owner of all right, title and interest in the Collateral until the Obligations are fully satisfied and paid in full or UCC has foreclosed its interest in the Collateral under this Security Agreement;

(b) Except for UCC's security interest reflected herein and in the Settlement and except for (i) Benaroya Capital's subordinated rights in the Collateral under the Subordination Agreement attached hereto as Exhibit B and (ii) UCC's continuing Asia Rights Security Interest (the "Asia Rights Security Interest"), which Tully's and TCAP hereby acknowledge and agree is unmodified and in full force and effect, as such security interest is described in that certain Tully's Coffee Exclusive License Agreement (the "Original License Agreement"), dated as of April 11, 2001, as amended hereunder, the Collateral is and will continue to be free and clear of any and all liens, mortgages, security interests, or other encumbrances or imperfections of title, and restrictions on transfer;

(c) It has the full right and power to grant the security interest in the Collateral made hereby and the exclusive, unrestricted right to sue for past, present, and future infringement of the Trademarks;

(d) Except for UCC's security interest reflected herein and except for (i) Benaroya Capital's limited rights in the Collateral under the Subordination Agreement attached hereto as Exhibit B and (ii) UCC's continuing Asia Rights Security Interest, which Tully's and TCAP hereby acknowledge and agree is in full force and effect, it has made no previous assignment, transfer or agreements in conflict herewith or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral and will not enter into any agreement that would could prevent, delay, or interfere with the exercise of UCC's rights under this Security Agreement;

(e) It will not execute, and there will not be on file in any public office, any effective financing statement or other document or instrument covering the Collateral except as approved in writing by UCC;

(f) All information furnished to UCC concerning the Collateral and proceeds thereof is, or will be at the time the same is furnished, accurate and correct in all material respects;

(g) No infringement or unauthorized use presently is being made of any of the Trademarks or which has or may reasonably be expected to impair, alone or in the aggregate, UCC's rights in the Collateral and there are no actions, suits, claims, or proceedings threatened, pending, or in progress relating in any way to the Collateral;

(h) It has not engaged in any conduct, or omitted to perform any necessary act, the result of which would invalidate or result in the abandonment of any of the Trademarks or hinder their enforcement by UCC or enforcement of UCC's other rights hereunder;

(i) It will at its own expense, and using its best efforts, protect and defend the Trademarks and other Collateral against all claims or demands of all persons other than UCC;

(k) It will at its own expense maintain or cause to be maintained the Trademarks including, but not limited to, by filing all applications to register and all affidavits and renewals possible with respect to issued registrations;

(l) It will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Trademark or Collateral, nor fail to file any required affidavit in support thereof;

(m) It will not challenge or assist any other party in challenging or seeking to invalidate UCC's rights under this Security Agreement, including at any time to invalidate this Security Agreement or UCC's rights in the Collateral on the grounds that it constitutes an assignment-in-gross;

(n) It will not sell, assign or otherwise transfer any of its right, title or interest in any of the Collateral except as permitted by UCC in the Settlement Agreement or another writing and provided that to the extent it sells, assigns or otherwise transfers any of its right, title or interest in any of the Collateral to any other party, such party shall have (i) entered into a security agreement substantially similar in form and substance to this agreement (ii) taken all other actions necessary or desirable to perfect such security interest, including, without limitation, all filings and registrations with relevant trademark authorities and any filings under the Uniform Commercial Code or equivalent in effect in each relevant jurisdiction;

(o) The TCAP Shares are uncertificated (or Tully's has delivered to UCC any certificates related thereto) and shall not be diluted in any respect and there are no other equitable or beneficial ownership interests in TCAP, whether through equities, warrants, options or otherwise;

(p) The obligations secured by the Asia Rights Security Interest are hereby amended to include the Obligations and any failure to fulfill such Obligations hereunder is a breach under the Original License Agreement.

Notwithstanding the foregoing representations and warranties, the parties expressly acknowledge and agree that TCAP contemplates assigning to a general partnership to be formed by TCAP and an entity that is majority controlled by Kouta Matsuda, TCAP's rights and obligations under that certain Tully's Coffee Exclusive License Agreement between Tully's and TCAP, dated as of October 12, 2007, and TCAP is authorized to do so, so long as the assignee agrees in writing that the assignee shall abide by the terms of this Agreement, as if it were TCAP, and so long as TCAP remains obligated hereunder.

6. Royalties; Term.

(a) Grantor hereby agrees that any rights granted hereunder to UCC with respect to all the Collateral as described above shall be worldwide (except to the extent expressly limited to the Territory) and without any liability for royalties or other related charges from UCC to Grantor.

(b) The term of the security interest granted herein shall extend until payment in full of the Obligations and, in the case of the Trademarks, the earlier of (i) such payment and (ii) the expiration or abandonment of each of the Trademarks subject to this Security Agreement.

7. UCC's Right to Inspect. UCC shall have the right, from time to time, to examine Grantor's books, records and operations related to the Collateral, including, without limitation, Grantor's merchandise quality control processes relating to the Collateral upon reasonable notice and at such reasonable times and as often as may be reasonably requested. Grantor agrees (i) not to sell or assign its interest in, or grant any license under, the Collateral without the prior written consent of UCC; and (ii) to maintain the quality of any and all merchandise in connection with which the Trademarks are used, substantially consistent with or better than the quality of said merchandise as of the date hereof.

8. Termination of Security Interest. This Security Agreement is made for collateral purposes only. Upon payment of in full of the Obligations UCC will, at Grantor's sole cost and expense, execute and deliver to Grantor all termination statements, releases or other instruments as may be necessary or proper to re-vest in Tully's and TCAP, as the case may be, (without recourse to or warranty by UCC) full title to the Collateral granted hereby, subject to any disposition thereof which may have been made by UCC pursuant hereto.

9. Duties of Grantor. Grantor shall have the duty (a) to prosecute diligently any trademark application that is part of the Trademarks pending as of the date hereof or thereafter until the Obligations shall have been paid in full, (b) to make applications on trademarks, as appropriate, (c) to preserve and maintain all rights in the Trademarks and other Collateral; and (d) to monitor and enforce compliance with the terms of this Agreement. Any expenses incurred in connection with such applications shall be borne by Grantor. Grantor agrees to retain an experienced trademark attorney for the filing and prosecution of all such applications and other proceedings. Grantor shall not abandon any right to file a trademark application in any country in the Territory (or in the United States if UCC's rights depend on filings in the

United States), without the prior written consent of UCC, which consent shall not be unreasonably withheld or delayed. If Grantor fails to comply with any of the foregoing duties, UCC shall, in addition to any other remedies available hereunder or at law or equity, have the right (but shall not be obligated) to do so in TCAP's name to the extent permitted by law, but at Grantor's expense, and Grantor hereby agrees to reimburse UCC in full for all reasonable expenses, including the reasonable fees and disbursements of counsel incurred by UCC in protecting, defending and maintaining the Collateral. In the event that Grantor shall fail to pay when due any fees required to be paid by it hereunder, or shall fail to discharge any lien prohibited hereby, or shall fail to comply with any other duty hereunder, UCC may, but shall not be required to, pay, satisfy, discharge or bond the same for the account of the Grantor, and all monies so paid out shall be Obligations of Grantor repayable on demand, together with interest at the rate set forth in the Note. Notwithstanding the foregoing, Grantor shall be expressly excused from liability for failure to fulfill its obligations under this Section 9, to the extent UCC's actions or non-use on or before June 26, 2006, are found to be the sole cause for such liability.

10. UCC's Right to Sue. From and after the occurrence and during continuance of an event of default, UCC shall have the right, but shall in no way be obligated, to bring suit in its own name for its own benefit to enforce the Trademarks, and if UCC shall commence any such suit, Tully's shall, at the request of UCC, do any and all lawful acts and execute any and all proper documents required by UCC in aid of such enforcement. Tully's shall, upon demand, promptly reimburse UCC for all costs and expenses incurred by UCC, together with interest as provided in Section 9. Nothing in the Settlement or any of its Exhibits shall be interpreted or construed to limit UCC's ability to enforce or protect the rights granted hereunder, including where necessary to institute legal action to enjoin or seek damages for activities originating outside the Territory that may have the effect of damaging or otherwise impairing UCC's rights in the Collateral.

11. Waivers. No course of dealing among Grantor and UCC, and no failure to exercise, nor any delay in exercising, on the part of UCC, any right, power or privilege hereunder or under the Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or there under preclude any other or further exercise thereof the exercise of any other right, power or privilege.

12. Cumulative Remedies; Power of Attorney; Effect On Other Agreements. All of UCC's rights and remedies with respect to the Collateral, whether established hereby, by the Note, the Guaranty, the Settlement, by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Upon the occurrence and during the continuance of an event of default and the giving by UCC of written notice to Tully's of UCC's intention to enforce its right and claims against Grantor, Grantor hereby authorizes UCC to make, constitute and appoint any officer or agent of UCC as UCC may select, in its sole discretion, as Grantor's lawful attorney-in-fact, with power (but not the obligation) to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for UCC in the use of the Collateral, or (ii) take any other actions with respect to the Collateral as UCC deems in the best interest of UCC or (iii) grant or issue any exclusive or non-exclusive license under the Collateral to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone free and clear of any encumbrance upon title thereof (other than any encumbrance created hereby). Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligations have been paid in full. Grantor acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of UCC but rather is intended to facilitate the exercise of such rights and remedies. UCC shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement, all rights and remedies granted to UCC under its other agreements with Grantor and those otherwise allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located. Recourse to security will not be required at any time.

13. Binding Effect; Benefits. This Security Agreement shall be binding upon Grantor and its successors and assigns, and shall inure to the benefit of UCC. Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Grantor.



14. **Amendments, Etc.** No amendment or waiver of any provision of this Security Agreement nor consent to any departure by Grantor here from shall in any event be effective unless the same shall be in writing and signed by the party to be charged therewith, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

15. **Notices.** All notices and other communications provided for hereunder shall be given in the manner set forth in the Settlement (with notice to Tully's being deemed notice to TCAP).

16. **Severability.** Whenever possible, each provision of this Security Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, then such provision shall be ineffective only to the extent of such prohibition or invalidity, and if any provision hereof shall be found to invalidate the rights of UCC under the Original License Agreement, then such provision shall be ineffective only to the extent needed to avoid invalidation of such rights, without invalidating the remainder of such provisions or the remaining provisions of this Security Agreement.

17. **Governing Law.** The validity, construction, and interpretation of this Security Agreement shall be governed by the laws of the State of Washington applicable to contracts made and to be performed wholly within that state.

18. **Venue and Consent to Jurisdiction.** Venue and jurisdiction of any litigation arising out of this Security Agreement shall lie exclusively in the United States District Court for the Western District of Washington located in Seattle, Washington. The parties hereto hereby submit to the jurisdiction of such court, and the rights granted under this paragraph may be specifically enforced by either party to this Security Agreement and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Security Agreement or the Note or any of the other documents referenced herein from which no appeal has been taken or is available. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS NOTICE ADDRESS SPECIFIED ON THE FIRST PAGE HEREOF, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

19. **Waiver of Jury Trial.** The parties agree that in the event of any litigation arising out of this Security Agreement, the matters are not suitable for determination by a jury. All parties hereby waive their right to a jury trial on any matter litigated pursuant to this Security Agreement, and the waiver set forth herein may be specifically enforced by all other parties to this Security Agreement.

20. **Waiver of Notice, Hearing and Bond.** GRANTOR WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY UCC OF ITS RIGHTS, FROM AND AFTER THE OCCURRENCE OF AN EVENT OF DEFAULT, TO REPOSSESS THE COLLATERAL WITH JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON THE COLLATERAL. GRANTOR WAIVES THE POSTING OF ANY BOND OTHERWISE REQUIRED OF UCC IN CONNECTION WITH THE JUDICIAL PROCESS OR PROCEEDING TO OBTAIN POSSESSION OF, REPLEVY, ATTACH, OR LEVY UPON THE COLLATERAL TO ENFORCE ANY JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF UCC TO ENFORCE BY SPECIFIC PERFORMANCE, TEMPORARY RESTRAINING ORDER PRELIMINARY OR PERMANENT INJUNCTION, THIS SECURITY AGREEMENT.

21. **Rules of Construction.** All parties have been actively represented by counsel throughout the negotiations leading to the execution and delivery of this Security Agreement. Consequently, the usual rules of construction of documents against the interest of the party drafting the same are hereby waived, and the parties stipulate that this Security Agreement and the documents contemplated thereby be construed in accordance with the intent of the parties as expressed herein or therein.

22. **Governing Provisions.** To the extent any provisions of this Security Agreement are inconsistent with any provisions in the Settlement, Note, or Guaranty, the provisions of this Security Agreement shall govern.



23. **Headings.** Section headings are not to be considered part of this Security Agreement and are included solely for convenience and reference and are not intended to be full or accurate descriptions of the content thereof.

24. **Number, Gender and Persons:** In this Security Agreement, words importing the singular number only shall include the plural and *vice versa*, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

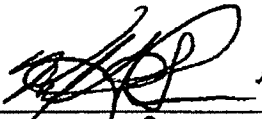
25. **Acknowledgment Regarding Licensing and Distributions.** Pursuant to Section 5 of the Settlement Agreement, UCC acknowledges and agrees that, notwithstanding any provision of this Security Agreement to the contrary, (i) Grantors contemplate that Grantors will sublicense, franchise and grant distribution rights in the Trademarks and related rights in the Territory before the Obligations are paid in full, and that (ii) so long as UCC receives two thirds (2/3rd) of any distributions in any form that are otherwise to be paid to TCAP, whether in cash or otherwise, on the same day that the remaining one third (1/3) is distributed to TCAP or TCAP's designee, and so long as all sublicensees, franchisees and distributors are notified of UCC's security interest in the Trademarks prior to entering into any such relationship, then UCC consents to such sublicenses, franchises and distribution rights in advance. UCC further agrees that that (i) TCAP may distribute to Tully's or any other party that remaining one third (1/3) of any distribution from TC-P and (ii) any such distribution made before TCAP or Tully's default under the Settlement Agreement or any Exhibit thereto shall not be part of the Collateral and shall belong exclusively to Tully's or any other party to whom it has been distributed, and (iii) UCC hereby release any and all of its rights with respect to such pre-default distributions. Tully's acknowledges and agrees that, any proceeds not paid to Tully's prior to such a default shall be subject to Grantor's rights to such proceeds under the Settlement Agreement and any Exhibit thereto.

IN WITNESS WHEREOF, Tully's and TCAP have each caused this Security Agreement to be executed and delivered by a duly authorized representative as of the day first above written.


TULLY'S COFFEE ASIA PACIFIC, INC.

TULLY'S COFFEE CORPORATION

By: _____


Title: Vice President

By: _____


Title: Exec VP & CFO

(CONTINUED NEXT PAGE)


STATE OF WASHINGTON)

) ss.

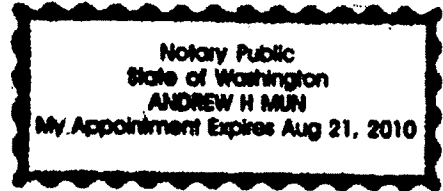
COUNTY OF KING)

On this day personally appeared before me Kristopher S. Galvin, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 3rd day of January, 2008.


(Signature)

Andrew H. Mun
(Please print name legibly)



NOTARY PUBLIC in and for the State of Washington
My commission expires: 8/21/2010

* * *

STATE OF WASHINGTON)

) ss.

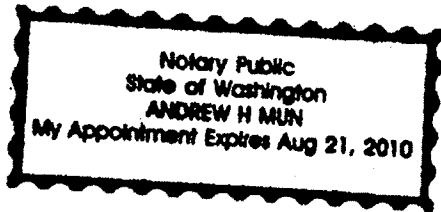
COUNTY OF KING)

On this day personally appeared before me Kristopher S. Galvin, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he/she signed the same as his/her free and voluntary act for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 3rd day of January, 2008


(Signature)

Andrew H. Mun
(Please print name legibly)



NOTARY PUBLIC in and for the State of Washington
My commission expires: 8/21/2010



EXHIBIT A TO SECURITY AGREEMENT

December 21, 2007

Trademarks for the Territory

| Trademark | Status Case Number | App Number Reg Number | App Date Reg Date |
|--|-----------------------------|--------------------------|----------------------------|
| BELLACCINO <i>Country:</i> Australia <i>Classes:</i> 30 Int. | Registered 910114-315PAU | 885321 | 15-Mar-2006 15-Mar-2006 |
| BELLACCINO <i>Country:</i> China (Peoples Republic) <i>Classes:</i> 30 Int. | Pending 910114-315PCN | | 15-Mar-2006 |
| BELLACCINO <i>Country:</i> Korea, Republic of <i>Classes:</i> 30 Int. | Pending 910114-315PKR | | 15-Mar-2006 |
| BELLACCINO <i>Country:</i> Russian Federation <i>Classes:</i> 30 Int. | Pending 910114-315PRU | | 15-Mar-2006 |
| BELLACCINO <i>Country:</i> Singapore <i>Classes:</i> 30 Int. | Registered 910114-315PSG | 885321 | 15-Mar-2006 15-Mar-2006 |
| TULLY'S <i>Country:</i> China (Peoples Republic) <i>Classes:</i> 30 Int. | Registered 910114-215CN | 9700114735 1253051 | 30-Oct-1997 07-Mar-1999 |
| TULLY'S <i>Country:</i> China (Peoples Republic) <i>Classes:</i> 42 Int. | Registered 910114-216CN | 9700114734 1235907 | 30-Oct-1997 28-Dec-1998 |
| TULLY'S <i>Country:</i> Korea, Republic of <i>Classes:</i> 30 Int., 43 Int. | Registered 910114-302KR | 2004-637 12317 | 24-Feb-2004 15-Apr-2005 |
| TULLY'S <i>Country:</i> Singapore <i>Classes:</i> 30 Int. | Registered 910114-220SG | T99/07375A T99/07375A | 16-Jul-1999 16-Jul-1999 |
| TULLY'S <i>Country:</i> Singapore <i>Classes:</i> 42 Int. | Registered 910114-221SG | T99/07376Z T99/07376Z | 16-Jul-1999 29-Aug-2001 |

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| Trademark | Status Case Number | App Number Reg Number | App Date Reg Date |
|--|-------------------------------|----------------------------------|------------------------------|
| TULLY'S <i>Country:</i> Singapore <i>Classes:</i> 35 Int. | Registered 910114-229SG | T00/04891A T00/04891A | 17-Mar-2000 14-Feb-2002 |
| TULLY'S <i>Country:</i> Taiwan <i>Classes:</i> 30 Int. | Registered 910114-222TW | 88034428 921331 | 15-Jul-1999 16-Dec-2000 |
| TULLY'S <i>Country:</i> Taiwan <i>Classes:</i> 42 Int. | Registered 910114-223TW | 88035008 128542 | 19-Jul-1999 01-Sep-2000 |
| TULLY'S <i>Country:</i> Taiwan <i>Classes:</i> 35 Int. | Registered 910114-255TW | 90024539 171067 | 15-Jun-2001 16-Oct-2002 |
| TULLY'S AND DESIGN <i>Country:</i> Singapore <i>Classes:</i> 30 Int. | Registered 910114-224SG | T99/08215G T99/08215G | 04-Aug-1999 06-Sep-2001 |
| TULLY'S AND DESIGN <i>Country:</i> Singapore <i>Classes:</i> 42 Int. | Registered 910114-225SG | T99/08216E T99/08216E | 04-Aug-1999 17-Oct-2001 |
| TULLY'S and Design <i>Country:</i> Korea, Republic of <i>Classes:</i> 05 Int. | Registered 910114-264KR | 1997-13119 421490 | 24-Mar-1997 16-Sep-1998 |
| TULLY'S AND DESIGN <i>Country:</i> Singapore <i>Classes:</i> 35 Int. <i>Classes:</i> 30 Int. | Registered 910114-228SG | T00/02834A T00/02834A | 24-Feb-2000 05-Aug-2002 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Australia <i>Classes:</i> 30 Int., 43 Int. | Registered 910114-320PAU | 907747 | 28-Sep-2006 28-Sep-2006 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> China (Peoples Republic) | Pending 910114-320PCN | | 28-Sep-2006 |

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| Trademark | Status Case Number | App Number Reg Number | App Date Reg Date |
|-----------|-----------------------|--------------------------|----------------------|
|-----------|-----------------------|--------------------------|----------------------|

Classes: 30 Int., 43 Int.

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| Trademark | Status Case Number | App Number Reg Number | App Date Reg Date |
|--|----------------------------|--------------------------|----------------------------|
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Hong Kong <i>Classes:</i> 30 Int., 43 Int. | Registered 910114-321HK | 300730935 300730935 | 28-Sep-2006 24-Apr-2007 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Indonesia <i>Classes:</i> 30 Int. | Pending 910114-324ID | D00 2006 033498 | 09-Oct-2006 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Indonesia <i>Classes:</i> 43 Int. | Pending 910114-326ID | J00-2006-033499 | 09-Oct-2006 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Korea, Republic of <i>Classes:</i> 30 Int., 43 Int. | Pending 910114-320PKR | | 28-Sep-2006 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> New Zealand <i>Classes:</i> 30 Int., 43 Int. | Published 910114-322NZ | 756003 | 28-Sep-2006 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Thailand <i>Classes:</i> 30 Int. | Published 910114-323TH | 646465 | 29-Nov-2006 |
| TULLY'S COFFEE AND DESIGN <i>Country:</i> Thailand <i>Classes:</i> 43 Int. | Published 910114-325TH | 640815 | 03-Oct-2006 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Australia <i>Classes:</i> 30 Int., 35 Int., 42 Int. | Registered 910114-253AU | 878794 878794 | 12-Jun-2001 29-May-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Brunei Darussalam <i>Classes:</i> 30 Int., 35 Int., 42 Int. | Registered 910114-263BN | 34451 34451 | 05-Dec-2001 05-Dec-2001 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Hong Kong <i>Classes:</i> 30 Int. | Registered 910114-234HK | 200109533 08620/2002 | 14-Jun-2001 10-Jul-2002 |

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| Trademark | Status Case Number | App Number Reg Number | App Date Reg Date |
|---|-------------------------------|----------------------------------|------------------------------|
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Hong Kong <i>Classes:</i> 35 Int. | Registered 910114-235HK | 200109532 08619/2002 | 14-Jun-2001 10-Jul-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Hong Kong <i>Classes:</i> 42 Int. | Registered 910114-236HK | 200109531 08618/2002 | 14-Jun-2001 10-Jul-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Indonesia <i>Classes:</i> 30 Int. | Registered 910114-237ID | D00-2001-013381 505752 | 22-Jun-2001 17-Apr-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Indonesia <i>Classes:</i> 35 Int. | Registered 910114-238ID | J00-2001-013380 510035 | 22-Jun-2001 25-Jun-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Indonesia <i>Classes:</i> 42 Int. | Registered 910114-239ID | J00-2001-013379 510034 | 22-Jun-2001 25-Jun-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Korea, Republic of <i>Classes:</i> 30 Int., 35 Int., 42 Int. | Registered 910114-246KR | 2001-2086 7227 | 12-Jun-2001 03-Apr-2003 |
| TULLY'S ROASTERS OF FINE COFFEE and Design. <i>Country:</i> Korea, Republic of | Registered 910114-265KR | 1997-3904 47032 | 24-Mar-1997 16-Sep-1998 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Macao <i>Classes:</i> 30 Int. | Registered 910114-240MO | N/008270 N/008270 | 21-Jun-2001 22-Feb-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Macao <i>Classes:</i> 35 Int. | Registered 910114-241MO | N/008272 N/008272 | 21-Jun-2001 20-Feb-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Macao <i>Classes:</i> 42 Int. | Registered 910114-242MO | N/008271 N/008271 | 21-Jun-2001 22-Feb-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN | Registered | 2001/07989 | 27-Jun-2001 |

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| Trademark | Status Case Number | App Number Reg Number | App Date Reg Date |
|---|----------------------------|--------------------------------|----------------------------|
| <i>Country:</i> Malaysia <i>Classes:</i> 30 Int. | 910114-243MY | 01007989 | 16-Jan-2004 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Malaysia <i>Classes:</i> 35 Int. | Registered 910114-244MY | 2001/07960 01007960 | 26-Jun-2001 29-Sep-2004 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Malaysia <i>Classes:</i> 43 Int. | Registered 910114-245MY | 2001/07990 01007990 | 27-Jun-2001 24-Aug-2004 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> New Zealand <i>Classes:</i> 35 Int. | Registered 910114-232NZ | 642801 B642801 | 01-Aug-2001 12-Mar-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> New Zealand <i>Classes:</i> 42 Int. | Registered 910114-233NZ | 642802 B642802 | 01-Aug-2001 12-Mar-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> New Zealand <i>Classes:</i> 30 Int. | Registered 910114-234NZ | 642800 B642800 | 01-Aug-2001 12-Mar-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Philippines <i>Classes:</i> 30 Int., 35 Int., 42 Int. | Registered 910114-247PH | 4-2001-004471 4-2001-004471 | 22-Jun-2001 25-Dec-2005 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Russian Federation <i>Classes:</i> 30 Int., 35 Int., 42 Int. | Registered 910114-248RU | 2001717871 284776 | 15-Jun-2001 23-Mar-2005 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Thailand <i>Classes:</i> 30 Int. | Registered 910114-249TH | 457500 Kor182007 | 25-Jun-2001 04-Aug-2003 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN <i>Country:</i> Thailand <i>Classes:</i> 35 Int. | Registered 910114-250TH | 457501 Bor17301 | 25-Jun-2001 23-Aug-2002 |
| TULLY'S ROASTERS OF FINE COFFEE AND DESIGN | Registered | 457502 | 25-Jun-2001 |

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| Status | App Number | App Date |
|--------------|------------|-------------|
| Case Number | Reg Number | Reg Date |
| 910114-251TH | Bor17324 | 27-Aug-2002 |

Trademark

Country: Thailand
Classes: 42 Int.

EXHIBIT A TO SECURITY AGREEMENT

Trademarks for the Territory

December 21, 2007

| App Number Reg Number | App Date Reg Date |
|--------------------------|----------------------------|
| 4-2001-02712 NH 42663 | 15-Jun-2001 07-Aug-2002 |

| Status Case Number |
|----------------------------|
| Registered 910114-252VN |

Trademark

TULLY'S ROASTERS OF FINE COFFEE AND DESIGN

Country: Viet Nam

Classes: 30 Int., 35 Int., 42 Int.

TRADEMARK

REEL: 003745 FRAME: 0639

EXHIBIT B TO SECURITY AGREEMENT

SUBORDINATION AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, Benaroya Capital Company, L.L.C., a Washington limited liability company, having its principal place of business at 1100 Olive Way, Suite 1700, Seattle, WA 98101 ("Benaroya"), Tully's Coffee Corporation, a Washington corporation, and its wholly owned subsidiary, Tully's Coffee Asia Pacific, Inc., a Nevada corporation, each having its principal place of business at 3100 Airport Way South, Seattle, WA 98134, (collectively and severally "Borrower"), and UCC Ueshima Coffee Co. Ltd., a Japanese corporation having its principal place of business at 7-7-7 Minatojima-Nakamachi, Chuo-ku, Kobe, Japan 650-8577 ("UCC"), each hereby covenant and agree as follows:

A. Benaroya is now a creditor of Borrower including, without limitation, pursuant to certain promissory notes, or other contracts, instruments, or agreements. UCC is prepared to extend credit to Borrower, but is unwilling to do so unless certain security interests granted by Borrower to Benaroya are fully subordinated to UCC's security interests.

B. Pursuant to the Agreement (the "Settlement Agreement") attached hereto as Exhibit A, the Security Agreement (the "Security Agreement") attached hereto as Exhibit B, the Non-Recourse Guaranty (the "Guaranty") attached hereto as Exhibit C and the Promissory Note (the "Promissory Note") attached hereto as Exhibit D, all dated as of this same date, UCC has or shall extend credit to Borrower that shall be secured, *inter alia*, by certain security interests in the Collateral (as such term is defined in the Security Agreement); provided, however, that obtaining this Subordination Agreement is a condition precedent to the extension of such credit.

To induce UCC to extend this credit to Borrower and in consideration of such credit, Benaroya, as its independent undertaking in favor of UCC, hereby agrees, for the benefit of UCC, as follows:

1. Benaroya hereby subordinates in favor of UCC all of Benaroya's present and future rights, title, interests, security interests, assignments, pledges, liens and other encumbrances now or hereafter held by Benaroya in the Collateral (the "Benaroya Security"), and any rights to possess or use the Collateral, and on the occurrence of an event of default under the Settlement Agreement or any of its Exhibits, UCC may, without liability to Benaroya, enforce its rights against the Collateral under all presently existing security interests, assignments, pledges, liens and other encumbrances in favor of UCC securing all or part of the "Obligations" (as defined in the Security Agreement) (the "UCC Security"). Benaroya agrees that, in such an event of default, if any part of Benaroya's interest in the Collateral (including proceeds thereof) is in any accounts not evidenced by written instruments, then Benaroya shall promptly assign its rights in such accounts to UCC. Subject to Benaroya's right of first refusal, described in the following paragraph, Benaroya agrees that in the event of any judicial or nonjudicial repossession, arrest, seizure, attachment, execution upon, foreclosure or other realization upon any of UCC's rights or remedies pursuant to the Settlement Agreement and its Exhibits and applicable law, the Collateral may be sold or otherwise disposed of by UCC, its successors or assigns, or by any court of competent jurisdiction, free and clear of the Benaroya Security, and the Benaroya Security shall be junior in priority to the UCC Security, whether held by UCC or its successors and assigns, and all such proceeds are hereby assigned to UCC as necessary to achieve that result. The rights, title, and interests of UCC and Benaroya in the Collateral, and all liens and other encumbrances therein, shall transfer to the proceeds from any form of disposition thereof. This Agreement is not intended to impair Benaroya's rights, if any, to any balance of any proceeds received from such disposition, after satisfaction of the Obligations.

Benaroya shall have a right of first refusal in the event UCC elects to effect a non-judicial sale of any Collateral. UCC shall notify Benaroya in advance of the terms and conditions on which UCC desires to effect such a sale (the "Proposed Terms") and Benaroya shall have fifteen (15) days from the date of such notice in which to elect to acquire such Collateral itself on the Proposed Terms. If Benaroya makes such an election, then closing of the purchase by Benaroya shall occur within fifteen (15) days thereafter

(or at such other time as the parties mutually agree). If Benaroya does not so elect, then UCC is free to conclude a sale of the Collateral within one hundred and twenty (120) days thereafter on terms equal to or greater than ninety-seven percent (97%) of the price reflected in the Proposed Terms and otherwise no more favorable to the buyer.

2. Benaroya hereby confers on UCC full authority, at any time or from time to time as UCC may determine, to undertake to execute on UCC's rights, title and interests in and to the Collateral, and all of its liens and other encumbrances thereon, by the institution of litigation, the filing of a claim or claims, or otherwise, to receive all sums thus collected and to give valid acquittances therefor, applying all sums thus collected first to the reasonable expenses of collection, including, without limitation, reasonable attorneys' fees, second to the reduction of balance owing on the Obligations, with any excess to be delivered to or held for the benefit of the debtor or any junior lienholder, such as Benaroya. Benaroya hereby agrees that it shall not initiate any action to assert rights in the Collateral, unless and until UCC consents in writing; provided, however, that no such consent is required, if (a) UCC has failed to dispose of the Collateral within one hundred and twenty (120) days from the date on which UCC receives (or is deemed to have received under Section 5 of this Agreement) notice from Benaroya that Benaroya intends to initiate an action to assert rights in the Collateral, or (b) Borrower shall under the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (i) commence a voluntary case or proceeding, or (ii) fail to have an involuntary action against it dismissed within ninety (90) days of filing.

3. Benaroya agrees that, if requested by UCC, Benaroya shall provide UCC with evidence of its security interest in the Collateral.

4. In consideration of the execution and acceptance of that Settlement Agreement, and the credit extended or to be extended to Borrower by UCC as described in the Settlement Agreement, Borrower, with and for the benefit of UCC, agrees not to take any action that would affect the rights of the parties to the Settlement Agreement, except as may be expressly permitted by the Settlement Agreement or by another written instrument signed, in advance, by Benaroya and UCC. Benaroya acknowledges and agrees that UCC is authorized to file Uniform Commercial Code financing statements and other evidence of this Agreement as UCC desires in its sole discretion.

5. Any notice or other communication required or permitted hereunder ("Notice") shall be in writing, and shall be deemed to have been given when delivered addressed as follows or when sent by facsimile with evidence of receipt to the telephone numbers listed below:

If to Benaroya: Benaroya Capital Company, L.L.C.
1100 Olive Way, Suite 1700
Seattle, Washington 98101
Attn: Larry R. Benaroya
Fax: (206) 447-9384

With a copy to: Benaroya Capital Company, L.L.C.
1100 Olive Way, Suite 1700
Seattle, Washington 98101
Attn: Marc G. Nemirow
Fax: (206) 447-9384

With a copy to: Jameson Babbitt Stites & Lombard PLLC
999 Third Avenue, Suite 1900
Seattle, WA 98104
Attn: David N. Lombard
Fax: (206) 292-1995

If to UCC: UCC Ueshima Coffee Co., Ltd.
7-7-7 Minatojima-Nakamachi, Chuo-ku
Kobe, Japan 650-8577
Attn: Gota Ueshima & Seisuke Ueshima
Fax: 011-81-78-304-8845

With a copy to: Garvey Schubert Barer
1191 Second Avenue, 18th Floor
Seattle, WA 98101-2939
Attn: Sara P. Sandford & Bruce A. McDermott
Fax: 1-206-464-0125

If to Borrower: Tully's Coffee Corporation & Tully's Asia Pacific Co., Ltd.
3100 Airport Way South
Seattle, WA 98134
Attention: President
Fax: 1-206-233-2075

With a copy to: Carney Badley Spellman, P.S.
701 Fifth Avenue, Suite 3600
Seattle, WA 98104-7010
Attn. Patrick Lamb
Fax: 1-206-467-8215

Each of the parties shall be entitled to specify a different address or telephone number by giving Notice as aforesaid.

6. This Agreement shall be construed in accordance with the substantive laws of the State of Washington. The parties intend that this Agreement shall constitute a subordination by agreement under Revised Code of Washington Section 62A.9A-339, if applicable. All of the obligations of Benaroya herein shall be binding on Benaroya, its successors and assigns, and shall inure to the benefit of UCC and its successors and assigns. All of the obligations of UCC herein shall be binding on UCC, its successors and assigns, and shall inure to the benefit of Benaroya and its successors and assigns. In this Agreement all words imparting the singular shall include the plural, and vice versa, and words imparting gender shall include the masculine, feminine, and neuter. This Agreement shall only be effective upon execution by all parties hereto.

Dated as of this 28th day of December, 2007.

UCC UESHIMA COFFEE CO. LTD.

BENAROYA CAPITAL COMPANY, L.L.C.

By: *[Signature]*
Title: *Head of 2000 shops Project*

By: _____
Title: _____

TULLY'S COFFEE ASIA PACIFIC, INC.

TULLY'S COFFEE CORPORATION

By: _____
Title: _____

By: _____
Title: _____

If to UCC: UCC Ueshima Coffee Co., Ltd.
7-7-7 Minatojima-Nakamachi, Chuo-ku
Kobe, Japan 650-8577
Attn: Gota Ueshima & Seisuke Ueshima
Fax: 011-81-78-304-8845

With a copy to: Garvey Schubert Barer
1191 Second Avenue, 18th Floor
Seattle, WA 98101-2939
Attn: Sara P. Sandford & Bruce A. McDermott
Fax: 1-206-464-0125

If to Borrower: Tully's Coffee Corporation & Tully's Asia Pacific Co., Ltd.
3100 Airport Way South
Seattle, WA 98134
Attention: President
Fax: 1-206-233-2075

With a copy to: Carney Badley Spellman, P.S.
701 Fifth Avenue, Suite 3600
Seattle, WA 98104-7010
Attn: Patrick Lamb
Fax: 1-206-467-8215

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Dated as of this 28th day of December, 2007.

UCC UESHIMA COFFEE CO. LTD.

BENAROYA CAPITAL COMPANY, L.L.C.

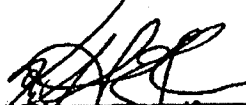
By: _____
Title: _____

By: _____
Title: _____

TULLY'S COFFEE ASIA PACIFIC, INC.

TULLY'S COFFEE CORPORATION

By: 
Title: VICE PRESIDENT

By: 
Title: EXEC VP & CFO

If to UCC: UCC Ueshima Coffee Co., Ltd.
7-7-7 Minatojima-Nakamachi, Chuo-ku
Kobe, Japan 650-8577
Attn: Gota Ueshima & Seisuke Ueshima
Fax: 011-81-78-304-8845

With a copy to: Garvey Schubert Barer
1191 Second Avenue, 18th Floor
Seattle, WA 98101-2939
Attn: Sara P. Sandford & Bruce A. McDermott
Fax: 1-206-464-0125

If to Borrower: Tully's Coffee Corporation & Tully's Asia Pacific Co., Ltd.
3100 Airport Way South
Seattle, WA 98134
Attention: President
Fax: 1-206-233-2075

With a copy to: Carney Badley Spellman, P.S.
701 Fifth Avenue, Suite 3600
Seattle, WA 98104-7010
Attn: Patrick Lamb
Fax: 1-206-467-8215

Each of the parties shall be entitled to specify a different address or telephone number by giving Notice as aforesaid.

6. This Agreement shall be construed in accordance with the substantive laws of the State of Washington. The parties intend that this Agreement shall constitute a subordination by agreement under Revised Code of Washington Section 62A.9A-339, if applicable. All of the obligations of Benaroya herein shall be binding on Benaroya, its successors and assigns, and shall inure to the benefit of UCC and its successors and assigns. All of the obligations of UCC herein shall be binding on UCC, its successors and assigns, and shall inure to the benefit of Benaroya and its successors and assigns. In this Agreement all words imparting the singular shall include the plural, and vice versa, and words imparting gender shall include the masculine, feminine, and neuter. This Agreement shall only be effective upon execution by all parties hereto.

Dated as of this 28th day of December, 2007.

UCC UESHIMA COFFEE CO. LTD.

BENAROYA CAPITAL COMPANY, L.L.C.

By: _____
Title: _____

By: 
Title: _____

TULLY'S COFFEE ASIA PACIFIC, INC.

TULLY'S COFFEE CORPORATION

By: _____
Title: _____

By: _____
Title: _____