

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Winery Exchange, Inc.		12/31/2012	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	Nevada County Wine Guild, Inc.
Street Address:	11372 Winter Moon Way
City:	Nevada City
State/Country:	CALIFORNIA
Postal Code:	95959
Entity Type:	CORPORATION: CALIFORNIA

PROPERTY NUMBERS Total: 5

Property Type	Number	Word Mark
Registration Number:	4131958	ORLEANS HILL
Registration Number:	4134872	MOTHER'S CHOICE
Registration Number:	4134874	HEARTSWORK WINERY
Registration Number:	4134875	WELL READ
Registration Number:	3161624	OUR DAILY RED

CORRESPONDENCE DATA

Fax Number:
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.

Phone: (503) 294-9460
 Email: tm-pdx@stoel.com, ahjasinek@stoel.com
 Correspondent Name: Jere M. Webb
 Address Line 1: 900 SW 5TH AVE
 Address Line 2: Suite 1600
 Address Line 4: Portland, OREGON 97204

OP \$140.00 4131958

ATTORNEY DOCKET NUMBER:	45930-1
NAME OF SUBMITTER:	Andrea Jasinek, Attorney
Signature:	/Andrea Jasinek/
Date:	12/31/2012

Total Attachments: 10

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SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement") is entered into as of December 31, 2012, by Winery Exchange, Inc., a California corporation ("Debtor") for the benefit of Nevada County Wine Guild, Inc., a California corporation ("Secured Party").

RECITALS

A. The Debtor desires to grant the Secured Party a first priority security interest in certain of the Debtor's assets to secure the Debtor's full and prompt performance of the Obligations.

B. The Debtor intends that the Secured Party have all the rights and remedies of a secured party under the California Uniform Commercial Code with respect to the Collateral, together with all additional rights and remedies granted in this Agreement.

AGREEMENT

The Debtor agrees as follows:

SECTION 1. DEFINITIONS

1.1 **Definitions Generally.** All capitalized terms contained in this Agreement that are not defined in this Agreement will have, unless the context indicates otherwise, the meanings provided for by the UCC.

1.2 **Asset Purchase Agreement.** "Asset Purchase Agreement" means that certain Asset Purchase Agreement, dated of even date herewith, between Secured Party and the Debtor, pursuant to which Secured Party has agreed to sell to Debtor certain of Secured Party's assets including the Collateral, and further pursuant to which Debtor has agreed to pay to Secured Party: (i) a Closing Payment on the Closing Date, (ii) beginning one year from the date hereof, five annual Installment Payments, and (iii) for a period of six years from the date hereof, Royalty Payments with respect to shipments of wine by Debtor, each as defined and described in the Asset Purchase Agreement.

1.3 **Bankruptcy Code.** "Bankruptcy Code" means the Bankruptcy Code set forth in 11 USC §§101-1330, and as amended from time to time.

1.4 **UCC.** "UCC" means the Uniform Commercial Code of the state of California, as amended from time to time.

1.5 **Collateral.** "Collateral" means the assets listed on attached Exhibit A and all proceeds thereof (including insurance proceeds).

1.6 **Event of Default.** "Event of Default" has the meaning set forth in Section 6.

1.7 **Lien.** "Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, security interest, charge, or other similar encumbrance,



whether consensual or not, or any other type of preferential arrangement that has substantially the same practical effect as a lien or a security interest, including, without limitation, any conditional sale or other title-retention agreement or the interest of a lessor under a capital lease or financing lease.

1.8 Obligations. "Obligations" means all the Debtor's obligations under this Agreement and the Asset Purchase Agreement.

1.9 Person. "Person" means any government (or political subdivision or agency of any government) or an individual, partnership, corporation (including, without limitation, a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture, or other entity.

1.10 Permitted Liens. "Permitted Liens" means:

- (a) Liens granted to the Secured Party;
- (b) Liens arising by operation of law for taxes, assessments, or governmental charges not yet due or which are being contested in good faith and by appropriate proceedings diligently prosecuted;
- (c) Statutory liens of mechanics, materialmen, shippers, warehousemen, carriers, and other similar persons for services or materials arising in the ordinary course of business for which payment is not yet due or remain payable without penalty or which are being contested in good faith and by appropriate proceedings diligently prosecuted; and
- (d) Nonconsensual liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance, and other types of social security.

SECTION 2. GRANT OF SECURITY INTEREST

The Debtor grants the Secured Party a security interest in the Collateral as security for the full and prompt payment in cash and performance of the Obligations.

SECTION 3. PERFECTION OF SECURITY INTEREST

3.1 The Debtor will perform all steps requested by the Secured Party that are reasonably required to perfect, maintain, and protect the Secured Party's security interest in the Collateral.

3.2 Debtor authorizes Secured Party to prepare and file such UCC Financing Statements, filings with the United States Patent and Trademark Office, and any other filings in each case covering the Collateral, as the Secured Party deems appropriate to perfect, maintain and protect the Secured Party's security interest in the Collateral.



SECTION 4. REPRESENTATIONS AND WARRANTIES

The Debtor warrants and represents, as of the date hereof, as follows:

4.1 The Debtor is a corporation, duly organized and validly existing in good standing under the laws of California.

4.2 This Agreement is the legal, valid, and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws relating to the enforcement of creditors' rights and except to the extent specific remedies may be limited by equitable principles.

4.3 The Debtor's execution, delivery, and performance of this Agreement does not violate or contravene any provision of the Debtor's articles of incorporation or bylaws and does not violate any material law applicable to the Debtor or constitute a default under any material contract, obligation, indenture, or other instrument to which the Debtor is a party or by which the Debtor is bound.

4.4 The Debtor's rights to the Collateral are free and clear of all Liens of persons claiming through the Debtor except Permitted Liens.

4.5 The Debtor has filed all tax returns required to be filed by it prior to the date upon which penalties would be assessed and, to the extent that the same would otherwise be delinquent, has paid all material taxes and assessments required to be paid by it.

4.6 The Debtor is in compliance in all material respects with all applicable laws.

SECTION 5. COVENANTS

Until all the Obligations have been fully satisfied and paid in cash, the Debtor covenants that, unless Secured Party otherwise consents in writing:

5.1 Except for Permitted Liens, the Debtor will not sell, transfer, lease, or otherwise dispose of any Collateral or any interest in it, or permit or suffer any other Person to acquire any interest in any of the Collateral, and will keep the Collateral free and clear of all Liens, except Permitted Liens. Notwithstanding anything to the contrary in this Section 5, Debtor may sell, transfer, lease or otherwise dispose of the Collateral or any interest in it to a subsidiary or affiliate of the Debtor ("Transfer"), provided (a) Debtor provides Secured Party with at least thirty (30) days prior written notice of any Transfer; (b) Debtor remains liable for the Obligations and the Collateral remains subject to the Liens created hereby; (c) Debtor obtains Secured Party's prior written consent to the Transfer, not to be unreasonably withheld, (d) Debtor and each proposed transferee perform all steps requested by the Secured Party that are reasonably required to perfect, maintain, and protect the Secured Party's security interest in the Collateral and (e) Debtor and each proposed transferee authorize Secured Party to prepare and file such UCC financing statements, filings with the United States Patent and Trademark Office, and any other filings in each case covering the Collateral, as the Secured Party deems appropriate to perfect, maintain and protect the Secured Party's security interest in the Collateral.



5.2 The Debtor will pay all material taxes and assessments prior to the delinquency thereof.

5.3 [Reserved].

5.4 The Debtor will at its own expense and using commercially reasonable efforts, protect and defend the Collateral against all claims or demands of all Persons other than those holding Permitted Liens.

5.5 The Debtor will preserve and maintain its corporate existence. The Debtor will provide notice to the Secured Party if Debtor changes its name or place of incorporation thirty (30) days prior to such event.

5.6 On the Secured Party's request, the Debtor will promptly execute and deliver to the Secured Party all further instruments, agreements, and documents, and take all further action, that may be reasonably necessary to enable the Secured Party to exercise and enforce its rights and remedies under this Agreement.

5.7 The Debtor will at its own expense maintain the Collateral to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Debtor covenants that it will not abandon or fail to pay any maintenance fee or annuity due and payable on any of the Collateral, nor fail to file any required affidavit or renewal in support thereof, without the Secured Party's prior written consent.

5.8 If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 5, and if such failure continues for a period of thirty (30) calendar days after the Secured Party gives the Debtor written notice thereof, the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such abandonment on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such abandonment.

5.9 Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on - demand the amount of all moneys expended and all reasonable, out of pocket costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection 5.8 and exercising its rights under Section 7, together with interest thereon from the date expended or incurred by the Secured Party at the Default Rate (as such term is defined in the Asset Purchase Agreement).

5.10 To facilitate the Secured Party's taking action under subsection 5.8 and exercising its rights under Section 7, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse



or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 5, or, necessary for the Secured Party after an Event of Default, to enforce or use the Collateral or to grant or issue any exclusive or non-exclusive license under the Collateral to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Collateral to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the payment and performance of all Obligations.

SECTION 6. EVENTS OF DEFAULT

Each of the following events will constitute an "Event of Default" under this Agreement:

- (a) The Debtor fails to pay to the Secured Party any Installment Payment or any Royalty Payment when due and payable under the Asset Purchase Agreement;
- (b) The Debtor fails to materially perform, observe or comply with any of the agreements or covenants specified in Section 5 of this Agreement ;
- (c) The Debtor defaults under the Revolving Credit Agreement dated January 5, 2011 among the Debtor, Comerica Bank as administrative agent, and the Lenders (as defined therein) including Comerica Bank, from time to time party thereto, as amended, and such default is not cured within any applicable cure period provided for therein;
- (d) Any representation or warranty made by the Debtor in this Agreement proves to be false or misleading in any material respect when furnished or made;
- (e) The filing by the Debtor of a voluntary petition or application for relief in bankruptcy or the Debtor's adjudication as a bankrupt or insolvent, or the filing by the Debtor of any petition, application for relief, or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for itself under any present or future federal, state, or other statute, law, code, or regulation relating to bankruptcy, insolvency, or other relief for debtors (an "Applicable Bankruptcy Statute"), or the Debtor's seeking or consenting to or acquiescing in the appointment of any trustee, custodian, conservator, receiver, or liquidator of the Debtor or of all or any substantial part of its assets, or the making by the Debtor of any general assignment for the benefit of creditors; or
- (f) The commencement against the Debtor of any involuntary case or other proceeding that seeks liquidation, reorganization or other relief with respect to it or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeks the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of ninety (90) days; or an order for relief against the Debtor is entered in any such case under any Applicable Bankruptcy Statute.

SECTION 7. SECURED PARTY'S RIGHTS AND REMEDIES

7.1 During the continuance of any Event of Default, after not less than thirty (30) days prior written notice with an opportunity to cure (10 days prior written notice in the event of the failure to make a payment required by the Asset Purchase Agreement), the Secured Party may declare any or all of the Obligations to be immediately due and payable without presentment, demand, protest, or any other notice of any kind, all of which are hereby expressly waived by the Debtor. In addition to any other rights and remedies contained in this Agreement, the Secured Party will have all the rights and remedies of a secured party under the UCC and all other applicable law, and all the rights and remedies will be cumulative and nonexclusive to the extent permitted by law. The Debtor acknowledges that portions of the Collateral may be difficult to preserve and dispose of and may be subject to complex maintenance and management; accordingly, the Secured Party will have the widest possible latitude in exercising its rights and remedies under this Agreement.

7.2 On the occurrence of an Event of Default, the Secured Party, at its discretion, may conduct sales of the Collateral on the Debtor's premises or elsewhere, at the Debtor's expense. Any sale, lease, or other disposition of the Collateral, or any part of it, may be for cash or other value. The Debtor will execute and deliver, or cause to be executed and delivered, all instruments, documents, assignments, deeds, waivers, certificates, and affidavits and will take all further action reasonably required by the Secured Party in connection with any sale, lease, or other disposition of the Collateral.

7.3 At any sale, the Collateral may be sold in one lot or in separate lots as the Secured Party may determine. The Secured Party will not be obligated to make any sale of any Collateral if the Secured Party determines not to do so, regardless of the fact that notice of sale was given. The Secured Party, without notice or publication, may adjourn any public or private sale or cause the sale to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale, without further notice, may be made at the time and place to which it was so adjourned. If any sale of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Secured Party until the sale price is paid, but the Secured Party will not incur any liability if any purchaser fails to pay for any Collateral so sold and, in the event of any such failure, the Collateral may be sold again. At any public sale, the Secured Party may (a) bid for or purchase, free (to the extent permitted by law) from any rights of redemption, stay, or appraisal on the Debtor's part with regard to the Collateral offered for sale, (b) make payment on account thereof by using any claim then due and payable to the Secured Party from the Debtor as a credit against the purchase price, and (c) on compliance with the terms of sale, hold, retain, and dispose of that property without further accountability to the Debtor for it.

7.4 The Secured Party is hereby granted a license and the right to use, without charge during the continuance of an Event of Default and until the Obligations are fully and finally paid in cash, the Collateral, including without limitation labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, advertising material, general intangibles, and other property of a similar nature.

7.5 Any notice required to be given by the Secured Party that is given pursuant to Section 11.03 of the Asset Purchase Agreement at least 20 business days before a sale, lease,



disposition or other intended action by the Secured Party regarding any Collateral will constitute fair and reasonable notice to the Debtor of that action. A public sale in the following fashion will be conclusively presumed to be reasonable:

- (a) The sale is held in a county where any part of the Collateral is located or in which the Debtor has a place of business;
- (b) The sale is conducted by auction by a professional auctioneer;
- (c) The Collateral is sold as is and without any preparation for sale; and
- (d) The Debtor is given notice of the public sale pursuant to the preceding sentence.

7.6 The Secured Party will have no obligation to (a) preserve any rights to the Collateral against any Person, (b) make any demand on or pursue or exhaust any rights or remedies against the Debtor or others with regard to payment of the Obligations, (c) to pursue or exhaust any rights or remedies with regard to any of the Collateral or any other security for the Obligations, or (d) to marshal any assets in favor of the Debtor or any other Person against or in payment of any or all of the Obligations.

7.7 The Debtor recognizes that federal and state securities laws and other laws may limit the flexibility desired to achieve an otherwise commercially reasonable disposition of the Collateral, and in the event of potential conflict between those laws and what in other circumstances might constitute commercial reasonableness, it is intended that consideration of the laws will prevail over attempts to achieve commercial reasonableness.

7.8 On demand therefor, the Debtor will pay the Secured Party all costs and expenses, including court costs and costs of sale, incurred by the Secured Party in exercising any of its rights or remedies under this Agreement, together with interest at the Default Rate (as such term is defined in the Asset Purchase Agreement) from the date incurred until paid.

SECTION 8. WAIVERS

All the Secured Party's rights with respect to the Collateral will continue unimpaired, and the Debtor will be and will remain obligated in accordance with the terms of this Agreement, notwithstanding (a) any release or substitution of any Collateral or other security for the Obligations, (b) any failure to perfect the Secured Party's interest in the Collateral or other security, or (c) any delay, extension of time, renewal, compromise, or other indulgence granted by the Secured Party in reference to any Obligations. The Debtor waives all notice of any such delay, extension, release, substitution, renewal, compromise, or other indulgence, and consents to be bound thereby as fully and effectively as if the Debtor had expressly agreed to them in advance. The Secured Party's delay in exercising, or failure to exercise, any right, remedy, or option will not operate as a waiver by Secured Party of its right to exercise any such right, remedy, or option. To the extent permitted by law, the Debtor waives all rights of redemption, stay, and appraisal that the Debtor now has or may at any time in the future have under any applicable law. No waiver by the Secured Party will be effective unless it is in writing and then only to the extent specifically stated. The Secured Party's rights and remedies will be cumulative and not exclusive of any other right or remedy that the Secured Party may have.



IN WITNESS WHEREOF, the Debtor has signed this Security Agreement as of the date first written above.

Winery Exchange, Inc., a California corporation

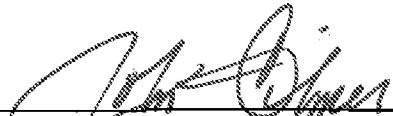
By: 
Name: John Gilmer
Title: SVP Finance, HR, Technology

EXHIBIT A

COLLATERAL

All of the following related to the "OUR DAILY RED", "ORLEANS HILL", "WELL READ", "MOTHER'S CHOICE" and "HEARTSWORK WINERY" wine brands:

(a) trademarks, service marks, trade names, brand names, logos, labels, trade dress and other proprietary indicia of goods and services, whether registered or unregistered, and all registrations and applications for registration of such trademarks, including intent-to-use applications, all issuances, extensions and renewals of such registrations and applications and the goodwill connected with the use of and symbolized by any of the foregoing, including without limitation the following:

- i. Federal Reg. No. 4,131,958 for "ORLEANS HILL", registered April 24, 2012
- ii. Federal Reg. No. 4,134,874 for "HEARTSWORK WINERY", registered May 1, 2012
- iii. Federal Reg. No. 4,134,872 for "MOTHER'S CHOICE", registered May 1, 2012
- iv. Federal Reg. No. 4,134,875 for "WELL READ", registered May 1, 2012
- v. Federal Reg. No. 3,161,624 for "OUR DAILY RED", registered October 24, 2006

(b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or governmental authority;

(c) copyrights and any rights in works of authorship and any registrations or applications for registration of any of the foregoing, and all issuances, extensions and renewals of such registrations and applications;

(d) trade secrets, confidential information, databases and data collections, improvements, proprietary information, technology, formulas, recipes, designs, know-how, research and development, inventions (whether patentable or not patentable), invention disclosures, technology, customer lists, methods, processes, compositions and all documentation relating to any of the foregoing;

(e) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, substitutions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications, and all documents and filings claiming priority to or serving as a basis for priority thereof, any supplementary certificates of protection of or to any of the foregoing, and any registrations or applications for registration of any of the foregoing;



(f) all rights to sue and recover and retain damages, costs and attorneys' fees for past, present and future infringement; and

(e) any other similar or equivalent rights relating to any of the foregoing anywhere in the world.

