

U.S. DEPARTMENT OF COMMERCE

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

Patent and Trademark Office
Docket No. 7427/627

To the Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

<p>1. Name of conveying party(ies): DIEDRICH COFFEE, INC.</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-State: <u>DELAWARE</u> <input type="checkbox"/> Other:</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies):</p> <p>Name: BANK OF THE WEST d/b/a/ UNITED CALIFORNIA BANK Internal Address: Street Address: 4400 MACARTHUR BLVD., SUITE 150 City: NEWPORT BEACH State: CALIFORNIA ZIP: 92660</p> <p><input type="checkbox"/> Individual(s) citizenship: _____ <input type="checkbox"/> Association: _____ <input type="checkbox"/> General Partnership: _____ <input type="checkbox"/> Limited Partnership: _____ <input type="checkbox"/> Corporation-State: _____ <input checked="" type="checkbox"/> Other: <u>CALIFORNIA BANKING CORPORATION</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Nature of conveyance:</p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other: _____ Execution Date: SEPTEMBER 3, 2002</p>	

<p>4.A. Trademark Application No.(s)</p> <p>75/358,949</p> <p>Additional numbers attached? *<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>B. Registration No.(s)</p> <p>1,925,384 2,372,451</p>
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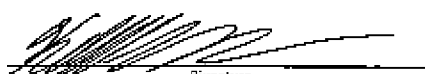
<p>5. Name and address of party to whom correspondence concerning document should be mailed:</p> <p>CHARLOTTE Y. CHEN MORRISON & FOERSTER LLP 555 WEST FIFTH STREET SUITE 3500 LOS ANGELES, CALIFORNIA 90013-1024</p>	<p>6. Total number of applications and trademark registrations involved: 3</p> <p>7. Total fee (37 C.F.R. § 3.41): \$110.00</p> <p><input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account, referencing Attorney Docket <u>7427/627</u></p> <p>8. Deposit account number: <u>03-1952</u></p>
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The Commissioner is hereby authorized to charge any fees under 37 C.F.R. § 1.21 which may be required by this paper, or to credit any overpayment to Deposit Account No. 03-1952.

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Name: KELLY LOGUE  9/10/02
Signature Date

Total number of pages comprising cover sheet, attachments and document: 8

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

**SUPPLEMENTAL SECURITY AGREEMENT
(Trademarks)**

THIS SUPPLEMENTAL SECURITY AGREEMENT (the "Supplemental Trademark Agreement") is made and dated this 3rd day of September, 2002 by and between DIEDRICH COFFEE, INC., a Delaware corporation ("Borrower") and BANK OF THE WEST, doing business as UNITED CALIFORNIA BANK (the "Lender") with respect to that certain Credit Agreement dated as of even date herewith by and between the Borrower and the Lender (as amended, extended and replaced from time to time, the "Credit Agreement" and with all capitalized terms not otherwise defined herein used with the meaning given such terms in the Credit Agreement).

RECITALS

A. Pursuant to that certain Security Agreement dated as of even date herewith between Borrower and the Lender (as amended from time to time, the "Security Agreement"), Borrower has granted to the Lender a first priority perfected security interest in certain assets of Borrower, including, without limitation, all patents, trademarks, service marks, trade names, copyrights, goodwill, licenses and other intellectual property owned by Borrower or used in Borrower's business.

B. The parties hereto desire to supplement the Security Agreement as it relates to certain of such intellectual property consisting generally of trademarks and to create hereby a document appropriate for recordation in the Patent and Trademark Office of the United States (the "PTO").

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. Confirmation of Grant of Security Interest. Borrower hereby confirms the grant of security interest, pledge, assignment and mortgage set forth in the Security Agreement and acknowledges that the Collateral described therein includes, without limitation, all of Borrower's right, title and interest in the following (the "Trademark Collateral"):

(a) All trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names trade styles and other source, product and business identifiers pertaining to the products, services and business of Borrower, whether now owned or hereafter acquired, including, without limitation, the trademarks specifically described on Schedule I attached hereto, as the same may be amended or replaced from time to time with the consent of the Lender;

(b) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(c) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell any items disclosed and claimed by any of the foregoing;

(d) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation;

(e) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing to the extent such rights are assignable;

(f) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing;

(g) All now existing and hereafter arising specifications as to and quality control manuals used in connection with the operations conducted under the name of or in connection with the foregoing;

(h) All now existing and hereafter arising goodwill associated with any of the foregoing;

(i) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of Borrower or the Lender for past, present and future infringements of any of the foregoing;

(j) All products and Proceeds of any of the foregoing.

2. Additional Representation and Warranty and Covenant. In addition to all representations and warranties, covenants and agreements set forth in the Security Agreement, Borrower hereby:

(a) Represents and warrants that Schedule I attached hereto sets forth an accurate and complete list of all trademarks owned by Borrower which are registered with the PTO as of the date hereof; and

(b) Agrees to promptly notify the Lender in writing of any additional trademarks registered with the PTO of which Borrower becomes the owner and to amend Schedule I accordingly.

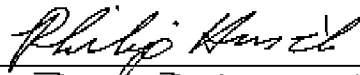
3. No Present Assignment. Neither the Security Agreement, this Supplemental Trademark Agreement nor any other document, instrument or agreement creates or is intended to create a present assignment of the Trademark Collateral. Subject to the rights of the Lender under the Security Agreement and this Supplemental Trademark Agreement, it is the intention of the parties hereto that Borrower continue to own the Trademark Collateral and that upon the indefeasible payment and performance in full of the Obligations, the rights of the Lender under the Security Agreement and this Supplemental Trademark Agreement in and to the Trademark Collateral shall be released and terminated.

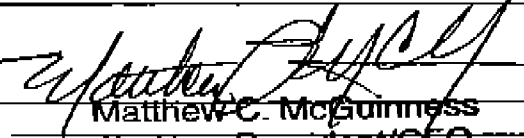
4. Relationship to Security Agreement. The Trademark Collateral shall constitute Collateral for all purposes of the Security Agreement and the other Loan Documents and the Lender shall have all rights, powers and remedies with respect to the Trademark Collateral to the same extent as they have with respect to other Collateral. Reference is hereby made to the Security Agreement, the terms and conditions of which are incorporated herein by this reference.

[Signature page following]


IN WITNESS WHEREOF, this Supplemental Trademark Agreement is executed as of the date written above.

DIEDRICH COFFEE, INC.,
a Delaware corporation

By: 
Name: PHILIP HIRSCH
Title: CEO

By: 
Name: Matthew C. McGuinness
Title: Sr. Vice President/CFO

BANK OF THE WEST, doing business as
UNITED CALIFORNIA BANK

By: 
Bruce Young, Vice President

SCHEDULE 1
TO SUPPLEMENTAL SECURITY AGREEMENT
(TRADEMARKS)

Application or Registration Number	Filing or Issue Date	Trademark Name
1,925,384	10/10/95	DIEDRICH COFFEE
75/358,949	09/18/97	DIEDRICH COFFEE EXPRESS
2,372,451	08/01/00	DIEDRICH COFFEE and Design

IRREVOCABLE POWER OF ATTORNEY

DIEDRICH COFFEE, INC., a Delaware corporation, located at 2144 Michelson Drive, Irvine, California 92612 ("Borrower") hereby grants to BANK OF THE WEST, doing business as UNITED CALIFORNIA BANK ("Lender"), an exclusive Irrevocable Power of Attorney to (i) transfer trademarks and applications therefor owned by Borrower from time to time, (ii) renew, extend, and protect the foregoing, and (iii) register and record any such transfer, renewal, extension and protection, all in accordance with that certain Credit Agreement dated as of September 3, 2002 by and between Borrower and Lender (the "Credit Agreement" and as those terms and other capitalized terms not otherwise defined herein are defined in the Credit Agreement) and related documents.

1. The Power of Attorney granted hereunder shall be effective as of the date hereof and shall last for as long as any now existing or hereafter arising Obligations of Borrower remain outstanding (other than surviving indemnity obligations).

2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life specified in Paragraph 1 above and is coupled with an interest; it is created for the benefit of the attorney in fact, Lender, rather than for Borrower.

3. This Power of Attorney is created simultaneously with the imposition of other obligations upon Borrower in favor of Lender under the Credit Agreement.

4. The Power of Attorney granted hereunder gives and grants unto said attorney in fact, Lender, full power of substitution to substitute another party for Lender in accordance with the Credit Agreement.

5. The Power of Attorney granted herein is created to secure the performance of the obligations under the Credit Agreement and that certain Supplemental Security Agreement (Trademarks) by and among Borrower and Lender dated as of even date herewith and shall be exercisable by Lender only after the occurrence and during the continuance of an Event of Default.

IN WITNESS WHEREOF, Borrower has caused this Irrevocable Power of Attorney to be executed by its officer thereunto duly authorized, as of September 3, 2002.

DIEDRICH COFFEE, INC.,
a Delaware corporation

By: Philip Hirsch
Name: PHILIP HIRSCH
Title: CEO

By: Matthew C. McGuinness
Name: Matthew C. McGuinness
Title: Sr. Vice President/CEO

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On Aug. 30, 2002, before me, the undersigned notary public in and for said County and State, personally appeared PHILIP G. HIRSH and MATTHEW MCGUINNESS personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity(ies) and that, by ~~his/her~~ their signature(s) on the instrument, the person(s) or the entity(ies) upon behalf of which the person(s) acted executed the instrument.

WITNESS my hand and official seal.

Stephanie K. Sterling
My commission expires on 12-6-05



STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On Aug. 30, 2002, before me, the undersigned notary public in and for said County and State, personally appeared BRUCE YOUNG, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies) and that, by his/~~her~~/their signature(s) on the instrument, the person(s) or the entity(ies) upon behalf of which the person(s) acted executed the instrument.

WITNESS my hand and official seal.

Stephanie K. Sterling
My commission expires on 12-6-05

