

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
Yogitoes, LLC		07/09/2013	LIMITED LIABILITY COMPANY: DELAWARE

RECEIVING PARTY DATA

Name:	Yogitoes, Inc.
Street Address:	2403 Main Street
City:	Santa Monica
State/Country:	CALIFORNIA
Postal Code:	90405
Entity Type:	CORPORATION: CALIFORNIA

PROPERTY NUMBERS Total: 21

Property Type	Number	Word Mark
Registration Number:	3015294	YOGITOE
Registration Number:	3020870	SKIDLESS
Registration Number:	3635388	
Registration Number:	3747889	
Registration Number:	3369469	YSTRAP
Registration Number:	3378733	YOGITOE
Registration Number:	3392496	MSEAT
Registration Number:	3517952	FITTOES
Registration Number:	3517953	FITTOES
Registration Number:	3518029	TEENITOE
Registration Number:	3518030	TEENITOE
Registration Number:	3655516	SPATOE
Registration Number:	3658957	SPATOE
Registration Number:	3689085	

TRADEMARK

Registration Number:	3909000	SWEATLESS
Registration Number:	3909001	SWEATLESS
Registration Number:	4271604	RSKIDLESS
Registration Number:	4278798	RYOGA
Serial Number:	85730678	
Serial Number:	85735919	
Serial Number:	85627645	

CORRESPONDENCE DATA

Fax Number: 8586359686
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.
Phone: 8586352142
Email: jbroder@rbiplaw.com
Correspondent Name: James P. Broder
Address Line 1: 9915 Mira Mesa Blvd.
Address Line 2: Suite 300
Address Line 4: San Diego, CALIFORNIA 92131

ATTORNEY DOCKET NUMBER:	30006.100
NAME OF SUBMITTER:	James P. Broder
Signature:	/James P. Broder/
Date:	07/17/2013

Total Attachments: 15
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of July 9, 2013 (the "Agreement"), is made by and between Yogitoes, LLC, a Delaware limited liability company (the "Pledgor"), in favor of Yogitoes, Inc., a California corporation (the "Secured Party"). Capitalized terms used in this Agreement without definition shall have the respective meanings set forth in the Purchase Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Pledgor, Susan Nichols, an individual, and the Secured Party have entered into that certain Asset Purchase Agreement, dated as of the date hereof (the "Purchase Agreement"), pursuant to which, among other items, the Pledgor has executed a Secured Promissory Note in favor of the Secured Party, in the original principal amount of \$1,000,000.00 (the "Note");

WHEREAS, as a condition precedent to agreeing to execute the Purchase Agreement, the Secured Party and Susan Nichols have required the Pledgor, and the Pledgor has agreed, to grant the Secured Party a security interest in all of the assets of Pledgor in order to secure the payment and performance of the Pledgor's obligations under the Note; and

WHEREAS, the Pledgor now desires to secure the performance of its obligations to pay, duly and punctually, the principal of and interest on the Note and to perform, duly and punctually, all other obligations of the Pledgor now or hereafter owing to the Secured Party arising under the Transaction Documents;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Agreement" shall have the meaning set forth in the introductory paragraph hereof.

"Collateral" shall have the meaning set forth in Section 2.2.

"Contractual Obligation" shall mean as to any Person, any provision of any security issued by such Person or of any agreement, instrument, or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Adjusted Senior Indebtedness Amount" shall mean the amount of the Senior Indebtedness less the Pledgor's cash and cash equivalents.

"Event of Default" shall mean any of the events specified in Section 5.1.

“GAAP” shall mean generally accepted accounting principles in the United States of America in effect from time to time.

“Governmental Authority” shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government.

“Lien” shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or other security interest or any preference, priority, or other security agreement of any kind or nature whatsoever.

“Material Adverse Effect” shall mean a material adverse effect on (a) the business, operations, property, condition (financial or otherwise), or prospects of the Pledgor, or (b) the validity or enforceability of this Agreement, the Note, the other Transaction Documents, or the rights or remedies of the Secured Party or Susan Nichols hereunder or thereunder.

“Note” shall have the meaning set forth in the recitals hereto.

“Permitted Liens” shall mean:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 3.6;

(b) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 3.6;

(c) pledges and deposits made in the ordinary course of business in compliance with workers’ compensation, unemployment insurance, and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, and other obligations of a like nature, in each case in the ordinary course of business; and

(e) easements, zoning restrictions, rights-of-way, and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Pledgor.

“Person” shall mean an individual, partnership, limited liability company, joint venture, association, corporation, trust, or any other legal entity.

“Pledgor” shall have the meaning set forth in the introductory paragraph hereof.

“Purchase Agreement” shall have the meaning set forth in the recitals hereto.

“Requirement of Law” as to any Person, shall mean any law, treaty, rule, or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Secured Obligations” shall have the meaning set forth in Section 2.1.

“Secured Party” shall have the meaning set forth in the introductory paragraph hereof.

“Senior Indebtedness” shall have the meaning set forth in Section 2.6.

“UCC” shall mean the Uniform Commercial Code, as adopted and in effect in the State of California, as amended.

1.2. Other Definitional Provisions.

(a) The words “hereof,” “herein,” and “hereunder,” and words of similar import when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement, unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2
SECURED OBLIGATIONS; COLLATERAL

2.1. Secured Obligations. This Agreement is given to secure Pledgor’s due and punctual payment of the principal of and interest on, and other fees and charges payable by Pledgor under, the Note and Pledgor’s due and punctual performance of all other obligations under the Transaction Documents (collectively, the “Secured Obligations”).

2.2. Granting of Security Interest in Collateral. As security for the payment and performance of all of the Secured Obligations, the Secured Party shall have, and the Pledgor hereby grants to the Secured Party, a first priority (subject to Section 2.6) continuing security interest in and lien upon all assets of the Pledgor whether now owned or hereafter acquired by the Pledgor, whether now existing or hereafter arising, whether fixed or contingent, and wherever located, and all supporting obligations relating to said property, and all proceeds thereof, and all proceeds of proceeds, including, without limitation, the following assets (collectively, the “Collateral”):

a. All inventories and merchandise, including, without limitation, raw materials (including, without limitation, foods and beverages), work in process, finished products, goods in transit, materials used or consumed in the manufacture or production thereof, all wrapping, packaging, advertising and shipping materials (and all documents relating thereto), all labels and other devices, names and marks affixed or to be affixed thereto for the purpose of selling or identifying the same or the seller or manufacturer thereof, all supplies and containers relating to or used in connection with the foregoing, all goods in which the Pledgor has an interest in mass

or an interest or right as a consignee and all goods which are returned to or repossessed by the Pledgor, whether used or consumed in the Pledgor's business, held for sale or lease, furnished under service contracts, or otherwise, and all bills of lading, warehouse receipts, documents of title or general intangibles (including, without limitation, commercial tort claims and payment intangibles) relating to any of the foregoing;

b. All goods, equipment, machinery, farm products, tools, tooling, molds, dies, jigs, motors, furniture, fixtures (whether or not attached to real property), furnishings, trade fixtures, motor vehicles and rolling stock, materials and parts and all other tangible personal property, all attachments, accessions and property now or hereafter affixed to or used in connection with any of the foregoing, and all substitutes and replacements for any of the foregoing;

c. All rights to the payment of money or other forms of consideration, accounts, payment intangibles, notes, accounts receivable, prepaid deposits, drafts, documents, chattel paper (including, without limitation, electronic chattel paper and tangible chattel paper), letter of credit rights, choses in action, undertakings, surety bonds, insurance policies, acceptances, federal, state and local tax refunds and all other forms of claims, demands, instruments and receivables, together with all guarantees, security agreements, leases and rights and interests securing the same and all right, title and interest of the Pledgor in the merchandise which gave or shall give rise thereto, including the right of stoppage in transit, replevin, reclamation, repossession and resale;

d. All agreements, contracts, leases, licenses, letters of credit, security agreements, indentures and purchase and sales orders of any kind whatsoever, all rights of the Pledgor thereunder, including all rights to purchase, lease, sell or otherwise acquire or deal with real or personal property and all warranty rights and contract rights of any nature, whether written or oral, and all consents or other authorizations relating thereto, to the extent assignable;

e. All licenses, permits, franchises, certificates and other governmental authorizations and approvals of any nature whatsoever, to the extent assignable;

f. All deposit accounts, including, without limitation, all demand, time, savings, passbook, custodial, safekeeping, escrow or like accounts maintained by the Pledgor with the Secured Party or any bank, savings and loan association, credit union or like organization, and all money, cash, cash equivalents, investment securities, credit balances, checks, drafts and other instruments deposited in such accounts and any and all future deposits therein, and prepayments of the Pledgor in any such deposit account, and any and all proceeds thereof, (all of the foregoing being deemed to be in any such account as soon as the same is put in transit to such account by mail or other courier);

g. All trademarks, trade names, trade styles service marks (and all prints and labels on which any of the foregoing appear), designs, letters patent of the United States or any other country, copyrights and other general intangibles (including, without limitation, commercial tort claims and payment intangibles) of a like nature, and all registrations, recordings, reissues, extensions, renewals, continuations, continuations-in-part and licenses thereof (including applications for registration and recording);

h. All other proprietary rights and confidential information, technology, processes, trade secrets, computer programs, source codes, software, customer lists, sales literature and catalogues, price lists, subscriber information, drawings, specifications, blueprints, telephone numbers, formulae, goodwill and all applications and registrations relating to any of the foregoing;

i. All stocks, bonds, debentures, securities, financial assets, securities entitlements, securities accounts, commodity contracts, commodity accounts, subscription rights, options, warrants, puts, calls, certificates, partnership interests, joint venture interests, investments and/or brokerage accounts and all rights, preferences, privileges, dividends, distributions, redemption payments or liquidation payments with respect thereto;

j. All files, correspondence, books and records of the Pledgor, including without limitation, books of account and ledgers of every kind and nature, all electronically recorded data relating to the Collateral, the Pledgor or the business thereof, all computer programs, tapes, discs and data processing software containing the same, and all receptacles and containers for such records;

k. All other goods, accounts, general intangibles (including, without limitation, commercial tort claims and payment intangibles), documents, instruments, causes of action, rights, interests and properties of every kind and description, tangible or intangible;

l. All rights, remedies, powers and/or privileges of the Pledgor with respect to any of the foregoing, all rights in all litigation presently or hereafter pending for any cause or claim (whether in contract, tort or otherwise) and all judgments now or hereafter arising therefrom; and

m. All proceeds, replacements, products, additions, accessions and substitutions of any of the foregoing, and proceeds of proceeds.

2.3. Other Documents. The Pledgor hereby authorizes the Secured Party to file such UCC financing statements, security filings with the United States Patent and Trademark Office or United States Copyright Office and other instruments, agreements, assignments, notifications, or other documents relating to the Collateral as the Secured Party may from time to time determine necessary or appropriate in order to evidence, perfect, or continue the perfection of the Secured Party's Liens upon any of the Collateral.

2.4. Expenses Relating to Collateral. The Pledgor shall pay the Secured Party on demand an amount equal to any and all expenses, including legal fees, incurred or paid by the Secured Party in connection with the Secured Party's insuring, maintaining, protecting, storing, safeguarding, or paying Liens with respect to any of the Collateral, or otherwise discharging any duty or obligation of the Secured Party with respect to any of the Collateral.

2.5. Rights to Collateral. The Secured Party shall have no duty to collect, protect, or preserve the underlying value of any Collateral or any income thereon. The Secured Party may exercise its rights and remedies with respect to the Collateral without first resorting (and without

regard) to any other security or other sources of payment or reimbursement for the Secured Obligations.

2.6. Senior Indebtedness; Subordination. The indebtedness evidenced by the Note, and expressly excluding any amounts due to any Seller Party under the Purchase Agreement or to Nichols under the Consulting Agreement, and the security interest and lien granted herein, are hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all of the Pledgor's Senior Indebtedness, except that, so long as no event of default under any loan documents evidencing the Senior Indebtedness has occurred, Pledgor shall be entitled to make regularly scheduled payments of interest and principal under the Note to Secured Party. For purposes of this Agreement, the term "Senior Indebtedness" means, unless expressly subordinated to or made on a parity with the amounts due under the Note, the principal of (and premium, if any), unpaid interest on and amounts reimbursable, fees, expenses, costs of enforcement, and other amounts due in connection with (a) one credit facility representing the indebtedness of the Pledgor to a bank, commercial finance lender, insurance company, leasing or equipment financing institution, or other lending institution regularly engaged in the business of lending money (excluding venture capital, investment banking, or similar institutions that sometimes engage in lending activities, but that are primarily engaged in investments in equity securities), that is for money borrowed, or the purchase or leasing of equipment in the case of lease or other equipment financing, whether or not secured, and whether now existing or incurred in the future, and (b) any such indebtedness or any debentures, notes, or other evidence of indebtedness issued in exchange for such Senior Indebtedness, or any indebtedness arising from the satisfaction of such Senior Indebtedness by a guarantor, provided the proceeds from such indebtedness is used for the operations of Pledgor or to repay members of the Pledgor who have made loans to the Pledgor in connection with the Closing of the transactions effectuated by the Transaction Documents, and provided further that in no event shall the Adjusted Senior Indebtedness Amount exceed seventy-five percent (75%) of the total of the Pledgor's accounts receivable and inventory. By entering into this Agreement, Secured Party further agrees to execute and deliver customary forms of subordination agreements and other customary agreements requested from time to time (together, the "Subordination Agreement") by holder of Senior Indebtedness (the "Senior Lender"), and as a condition to Secured Party's right to further exercise its rights hereunder or to be paid any further amounts under the Note, including the Pledgor's payment obligations under the Note, the Pledgor may require that Secured Party execute such forms of subordination agreement and other customary agreements, provided that, such forms shall not impose on Secured Party terms less favorable than those provided herein, including without limitation those set forth in this Section 2.6.

SECTION 3 REPRESENTATIONS AND WARRANTIES

The Pledgor hereby represents and warrants to the Secured Party that:

3.1. Existence; Compliance with Law. The Pledgor (a) is a duly organized limited liability company, validly existing and in good standing under the laws of Delaware, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee, and to conduct the business in which it is currently engaged, and (c) is in

compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.2. Power; Authorization; Enforceable Obligations. The Pledgor has the power, authority, and legal right to make, deliver, and perform this Agreement, and has taken all necessary action to authorize the execution, delivery, and performance of this Agreement. No consent or authorization of, filing with, notice to, or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity, or enforceability of this Agreement. This Agreement has been duly executed and delivered on behalf of the Pledgor. This Agreement constitutes a legal, valid, and binding obligation of the Pledgor enforceable against the Pledgor in accordance with its terms.

3.3. No Legal Bar; Title to Collateral. The execution, delivery, and performance of this Agreement will not violate any Requirement of Law or Contractual Obligation of the Pledgor and will not result in, or require, the creation or imposition of any Lien (other than Liens in favor of the Secured Party) on any of the Pledgor's properties or revenues pursuant to any such Requirement of Law or Contractual Obligation. The Pledgor has full and unencumbered title to the Collateral, subject only to Permitted Liens. Other than Permitted Liens, the Collateral is not subject to any Lien.

3.4. Commercial Tort Claims. Pledgor holds no interest in any commercial tort claim.

3.5. No Default. The Pledgor is not in default under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. No Event of Default has occurred and/or is continuing.

3.6. Payment of Obligations. The Pledgor has paid, discharged, or otherwise satisfied all its obligations of whatever nature, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Pledgor has set aside on its corporate books adequate reserves with respect thereto in accordance with GAAP, and (c) the failure to make payment pending the resolution of such contest could not reasonably be expected to result in a Lien on any of the Collateral.

SECTION 4 COVENANTS

The Pledgor hereby agrees that, until the Secured Obligations are indefeasibly paid and performed in full:

4.1. Payment of Obligations. The Pledgor shall pay, discharge, or otherwise satisfy all its obligations of whatever nature, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Pledgor has set aside on its corporate books (or in its individual accounts) adequate reserves with respect thereto in accordance with GAAP, and (c)

the failure to make payment pending such contest could not reasonably be expected to result in a Lien on any of the Collateral.

4.2. Compliance of Laws. The Pledgor shall comply with all applicable Requirements of Law.

4.3. Maintenance of Existence. The Pledgor shall preserve, renew, and keep in full force and effect, its existence and take all reasonable action to maintain all its rights, privileges, and franchises as necessary and desirable in the normal conduct of its business. The Pledgor shall notify the Secured Party in writing at least five business (5) days prior to any (a) change to the Pledgor's name or state of organization, (b) merger of the Pledgor or (c) conversion of the Pledgor to an entity other than a Delaware limited liability company.

4.4. Protection of Security and Legal Proceedings. At the Pledgor's expense, the Pledgor shall take any and all actions necessary to preserve, protect and defend the Secured Party's security interests in the Collateral and the perfection and priority thereof against all adverse claims, including appearing in and defending any and all actions and proceedings which purport to affect any of the foregoing. The Pledgor will promptly reimburse the Secured Party for all sums, including, without limitation, costs, expenses and actual attorneys' fees, which the Secured Party may pay or incur in defending, protecting or enforcing the Secured Party's security interests in the Collateral or perfection or the priority thereof, or in discharging any prior or subsequent Lien or adverse claim against the Collateral or any part thereof, or by reason of becoming or being made a party to or intervening in any action or proceeding affecting the Collateral or the Secured Party's rights therein, all of which actions the Pledgor hereby agrees that the Secured Party will have the right to take in the Secured Party's sole and absolute discretion.

4.5. Delivery of Collateral. Subject to the rights and requirements of the Senior Lender pursuant to the Subordination Agreement, upon demand by the Secured Party, the Pledgor shall deliver possession to the Secured Party of any Collateral to the extent the Secured Party determines that such possession is necessary to perfect the Secured Party's security interest in such Collateral or to maintain the priority of such security interest, accompanied by such instruments of assignment or transfer as the Secured Party may specify and stamped or marked in such manner as the Secured Party may specify.

4.6. Inspection. The Pledgor shall give the Secured Party such information as may be requested concerning the Collateral and shall at all reasonable times and upon reasonable notice permit the Secured Party and its agents and representatives to enter upon any premises upon which the Collateral is located for the purpose of inspecting the Collateral. Furthermore, the Secured Party shall not more than once during any calendar year and upon reasonable notice (unless an Event of Default has occurred and is continuing, in which case the foregoing frequency restriction shall be inapplicable) have full access to and the right to audit, at the Secured Party's expense, any and all of the Pledgor's books and records pertaining to the Collateral; provided, however, that any such action which involves communicating with the Pledgor's customers shall be carried out by the Secured Party through the Pledgor's independent auditors unless an Event of Default occurs and is continuing, in which case the Secured Party shall then have the right directly to notify such customers. The Pledgor agrees to provide

Pledgor's income statements and balance sheet to the Secured Party within thirty (30) days after the end of each calendar quarter.

4.7. Sale or Hypothecation of Collateral. Except as set forth in Section 2.6, the Pledgor shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise sell, assign, transfer, exchange, lease, lend, or grant any option with respect to or dispose of any of the Collateral (other than inventory items sold or leased in the ordinary course of business), or any of the Pledgor's rights therein, nor create or permit to exist any Lien on or with respect to any of the Collateral, except for the Lien in favor of the Secured Party.

4.8. Maintenance of Property; Insurance. The Pledgor shall: keep all property necessary in its business in good working order and condition; maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability, and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business; name the Secured Party as an additional insured and lender loss payee on all such insurance policies; and furnish to the Secured Party, upon written request, full information as to the insurance carried.

4.9. Commercial Tort Claims. If the Pledgor shall at any time hold or acquire a commercial tort claim, which, if determined favorably, would result in a judgment in favor of the Pledgor in excess of Twenty Thousand Dollars (\$20,000.00), Pledgor shall immediately notify the Secured Party in writing of the details thereof. All commercial tort claims and in the proceeds thereof, regardless of amount, are included in the Collateral.

4.10. Special Provisions Concerning Intellectual Property Collateral. The Pledgor shall maintain the Yogitoes' and Skidless' name mark registrations and the registration of the Patents assigned by the Secured Party to the Pledgor in the United States, Canada, Australia, and Japan in accordance with all applicable laws, rules, and regulations. The Pledgor shall notify the Secured Party (a) on a quarterly basis of new trademarks, service marks, and Patents held by the Pledgor for the Pledgor's products, and (b) of the abandonment of (i) the Yogitoes' or Skidless' name mark registrations or (ii) any Patents.

4.11. Notices. Promptly give written notice to the Secured Party of:

- (a) the occurrence of any Event of Default;
- (b) the occurrence of any event which causes any representation or warranty of the Pledgor to be untrue or a breach of any covenant of the Pledgor set forth in this Agreement or any other Transaction Document; and
- (c) any change in the business, operations, property, condition (financial or otherwise), or prospects of the Pledgor or any development or event, in any case, which could reasonably be expected to have a Material Adverse Effect.

SECTION 5
EVENTS OF DEFAULT; REMEDIES

5.1. Events of Default. Each of the following events or conditions shall constitute an “Event of Default” under this Agreement:

- (a) The occurrence or existence of an Event of Default as defined in the Note;
- (b) The Pledgor shall be in breach of any of its representations or warranties in this Agreement;
- (c) The Pledgor shall fail to observe or perform any obligation, covenant, condition, or term of this Agreement, after having received five (5) Business Days’ prior written notice of such non-performance from the Secured Party; or
- (d) The occurrence or existence of any default or “Event of Default” (as defined in any Senior Indebtedness) under any Senior Indebtedness.

5.2. Rights to Collateral.

(a) From and after the date of the occurrence of any Event of Default, the Secured Party may proceed immediately to (i) exercise any and all of the Secured Party’s rights, powers, and privileges with respect to the Collateral, including, without limitation, the right to repossess, sell, or otherwise dispose of the Collateral, or any part thereof, in such manner as the Secured Party, in its sole discretion, may choose; provided that any such sale complies with the UCC, or (ii) exercise any other right or remedy available to the Secured Party under the UCC or otherwise available by agreement, at law or in equity. All rights and remedies specified herein are cumulative and are in addition to such other rights and remedies that are available to the Secured Party. The Pledgor agrees, upon request by the Secured Party, to assemble the Collateral at a location reasonably convenient to the Secured Party and to make such Collateral available to the Secured Party. The Pledgor authorizes the Secured Party, upon the occurrence of an Event of Default, to enter the premises where the Collateral is located and to take possession of and remove any such Collateral without further notice or demand and without institution of legal proceedings. Any requirement imposed by law for reasonable notification of any intended disposition of the Collateral shall be deemed reasonably and properly made if given in accordance with the provisions of Section 6.4 hereof at least ten (10) calendar days prior to any public sale of the Collateral or the time at which any private or other intended disposition of the Collateral is to be made; provided, however, no notice shall be required with respect to any Collateral which is perishable, threatens to decline speedily in value, or is sold in or on a recognized market. The Pledgor hereby authorizes the Secured Party pursuant to the power-of-attorney granted in Section 5.2(b) hereof to sign and execute in the name of the Pledgor any intended transfer, conveyance, or instrument in writing that may be necessary or desirable to effect any disposition of the Collateral. No disposition of any Collateral shall extinguish any of the Secured Obligations except to the extent that the net proceeds are applied thereto.

(b) The Pledgor does hereby irrevocably make, constitute, and appoint the Secured Party and any of its designees its true and lawful attorney-in-fact, with full power and authority to do any and all acts necessary or proper to carry out the intent of this Agreement

including, without limitation, the right, power, and authority: (i) to enforce all rights of the Pledgor under and pursuant to any agreements with respect to the Collateral, all for the sole benefit of the Secured Party; (ii) to enter into and perform such arrangements as may be necessary in order to carry out the terms, covenants, and conditions of this Agreement that are required to be observed or performed by the Pledgor; (iii) to execute such other and further mortgages, pledges, and assignments of the Collateral as the Secured Party may reasonably require for the purpose of perfecting, protecting, or maintaining the security interest granted to the Secured Party by this Agreement; and (iv) to do any and all other things necessary or proper to carry out the intent of this Agreement. The Pledgor hereby ratifies and confirms that such power-of-attorney, which power is coupled with an interest, is irrevocable until the Pledgor has indefeasibly paid and performed in full all of the Secured Obligations.

(c) Subsequent to the occurrence of any Event of Default, and regardless of whether the Secured Party makes any demand to or request of the Pledgor, the Pledgor agrees to hold in trust for the Secured Party any and all cash, checks, drafts, items, chattel paper, and other instruments or writings for the payment of money that may be received by the Pledgor in full or partial payment or otherwise as proceeds of any of the Collateral, in precisely the form received. The Pledgor shall immediately, upon request by the Secured Party, endorse, transfer, and deliver any and all such payments to the Secured Party for application against the Secured Obligations.

(d) The proceeds from the sale of or other realization on the Collateral pursuant to this Section 5.2 shall be applied as follows: (i) first, to the payment of all costs and expenses incurred by the Secured Party in connection with such sale or other realization including, without limitation, attorneys' fees and all court costs, and to the repayment of all advances by the Secured Party hereunder for the account of the Pledgor and the payment of all costs and expenses paid or incurred by the Secured Party in connection with this Agreement or in the exercise of any right or remedy hereunder, to the extent that such advances, costs, and expenses shall not have been previously paid to the Secured Party upon its demand to the Pledgor therefor; (ii) second, to the payment in full of the accrued but unpaid interest on the Note; (iii) third, to the payment in full of the principal on and any other obligations due and payable under the Note; (iv) fourth, to the Secured Party in payment in full of all of the remaining Secured Obligations of the Pledgor; and (v) fifth, to the Pledgor or as a court of competent jurisdiction may direct.

SECTION 6 MISCELLANEOUS

6.1. Amendments and Waivers. Neither this Agreement nor any terms hereof may be amended, supplemented, or modified except in a written instrument executed by the Secured Party and the Pledgor. The Secured Party may, from time to time in its sole discretion, waive, on such terms and conditions as the Secured Party may specify in writing, any of the requirements of this Agreement or any Event of Default and its consequences. Any such waiver and any such amendment, supplement, or modification shall be binding upon the Pledgor and the Secured Party. In the case of any waiver, the Pledgor and the Secured Party shall be restored to their former position and rights hereunder and any Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

6.2. Costs and Expenses. The Pledgor agrees to pay or reimburse the Secured Party for all of the Secured Party's reasonable, direct, actual out-of-pocket costs and expenses incurred in connection with the enforcement of any rights under this Agreement including, without limitation, the reasonable fees and disbursements of outside counsel to the Secured Party.

6.3. Further Assurances. From and after the date hereof, upon the reasonable request of any party to this Agreement, the other parties shall execute, acknowledge, and deliver, all such further agreements, instruments, and assurances as may be necessary and appropriate to carry out the transactions contemplated by this Agreement.

6.4. Notices. Any notices or other communications required or permitted by this Agreement shall be made as set forth in Section 8(b) of the Purchase Agreement.

6.5. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Secured Party, any right, remedy, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

6.6. Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate, or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement.

6.7. Successors and Assigns. The Pledgor may not assign its rights or obligations hereunder without the Secured Party's prior written consent, which shall not be unreasonably withheld provided the Secured Party is satisfied, in its sole discretion, that its prospects for timely repayment of amounts due under the Note and its security therefore are not diminished in any respect as a result thereof. Subject to the prohibition against the Pledgor's assignment hereof, this Agreement and all the covenants and agreements contained herein shall inure to the benefit of the Secured Party and bind the Pledgor and all of their respective successors, estates, heirs, personal representatives and assigns.

6.8. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile and/or .pdf signature), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

6.9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

6.10. Integration. This Agreement, together with the other Transaction Documents, represents the agreement of the Pledgor and the Secured Party with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations, or warranties by the

Secured Party relative to the subject matter hereof or thereof not expressly set forth or referred to herein and therein.


6.11. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California, without regard to the principles thereof regarding conflicts of laws. Any legal proceedings in respect of this Agreement shall be brought in the state or federal courts in the City of Los Angeles, California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the date first above written.

PLEDGOR:

YOGITUES LLC,
a Delaware limited liability company

By: 
Name: Michael Oulton
Title: Director

SECURED PARTY:

YOGITUES, INC.,
a California corporation

By: _____
Name: Susan Nichols
Title: President

[SIGNATURE PAGE TO SECURITY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the date first above written.

PLEDGOR:

YOGITUES LLC,
a Delaware limited liability company

By: _____
Name: Michael Dutton
Title: Director

SECURED PARTY:

YOGITUES, INC.,
a California corporation

By: _____
Name: Susan Nichols
Title: President

[SIGNATURE PAGE TO SECURITY AGREEMENT]