

12-21-1998

HEET



100925300

12-15-98

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

1. Name of conveying party(ies):
COMMONWEALTH BRANDS, INC.

Individual(s)
 Association
 General Partnership
 Limited Partnership
 Corporation-State-**Kentucky**
 Other _____

Additional name(s) of conveying party(ies) attached?
 Yes No

2. Name and Address of Receiving party(ies):
 Name: **BANK ONE, KENTUCKY, NA**
 Street Address: **416 WEST JEFFERSON STREET**

City: **LOUISVILLE**
 State: **KY** Zip: **40202**

Individual(s) citizenship _____
 Association (**National Banking**)
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other _____

3. Nature of conveyance:
 Assignment
 Merger
 Security Agreement
 Change of Name
 Other _____

Execution Date: **November 25, 1998**

If assignee is not domiciled in the United States, a domestic representative designated is attached:
 Yes No

(Designation must be a separate document from Assignment.)
 Additional name(s) & address(es) attached?
 Yes No

4. Application number(s) or registration number(s):
 A. Trademark application No.(s) B. Trademark Registration No.(s)

Additional numbers attached? Yes No

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

Name: **William H. Hollander**
WYATT, TARRANT & COMBS
 Street Address: **2600 Citizens Plaza**

City: **Louisville,**
 State: **KY** Zip: **40202**

6. Total number of applications and registrations involved: 32

7. Total fee (37 CFR § 3.41) \$815.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
 (Attach duplicate copy of this page if paying by deposit account.)

12/16/1998 VBROMM 00000045 1849554
 01 FC:481 40.00 OP
 02 FC:482 775.00 OP

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.

William H. Hollander W.H. Hollander 12/14/98
 Name of person signing Signature Date

Total number of pages comprising cover sheet: 3

RECORDATION FORM COVER SHEET, PAGE 2
REGISTRATIONS

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration No.</u>
Brahman	August 9, 1994	1,849,554
Bull Device	March 12, 1988	845,757
Bull Durham	July 4, 1987	831,334
Bull Durham & Label with Bull Device	March 24, 1992	1,680,540
Canada Goose Brand	May 10, 1994	1,836,339
Commonwealth	November 1, 1994	1,861,444
Country Value	March 28, 1995	1,886,699
Crown's	February 6, 1996	1,955,228
Dixie Hot Sauce	July 18, 1995	1,906,717
Durham with Representation of Bull	November 2, 1980	136,304
Malibu	December 8, 1987	1,468,603
Malibu Thins	April 30, 1988	848,102
Maui	May 17, 1994	1,837,265
Montclair	September 18, 1982	737,762
Montclair and M Design	December 10, 1991	1,667,805
Raven	June 11, 1996	1,979,956
Riviera	February 9, 1980	692,699
Riviera Heraldic Device	December 27, 1980	708,957
Sonoma	December 13, 1994	1,867,767
Special 10's Pack Design	April 23, 1996	1,970,274
USA Gold	July 4, 1995	1,903,775
Whitetail	January 21, 1997	2,032,909
Winged Horse Design	December 11, 1982	741,832

RECORDATION FORM COVER SHEET, PAGE 3
APPLICATIONS

<u>Trademark</u>	<u>Application Date</u>	<u>Serial No.</u>
Bull Durham	November 25, 1991	74/225238
Bull Durham	March 17, 1997	75/258150
Bull Durham	November 25, 1991	74/224923
Bull Durham	November 25, 1991	74/225380
Bull Durham	December 29, 1993	74/475628
Natural Blend	December 23, 1997	75/410156
Natural Blend	December 22, 1997	75/408881
Rico Suave	March 17, 1997	75/258407
Xanadu	March 9, 1998	75/446601

TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (the "Agreement") is made and entered into as of November 25, 1998 by and between [i] **COMMONWEALTH BRANDS, INC.**, a Kentucky corporation, having a mailing address of 2200 Lapsley Lane, Bowling Green, Kentucky 42103 ("Assignor") and [ii] **BANK ONE, KENTUCKY, N.A.**, a national banking association ("**BOK**"), having a mailing address of 416 West Jefferson Street, Louisville, Kentucky 40202, acting in its capacity as Collateral Agent for itself as a Lender and for **STAR BANK, N.A.**, a national banking association ("Star") pursuant to the Loan and Security Agreement dated as of the date hereof (including any amendments thereto, the "Loan Agreement") entered into among Borrower, BOK, Star (both for itself as a Lender and as Administrative Agent under the Loan Agreement) and Collateral Agent (BOK acting in its capacity as Collateral Agent hereunder is referred to hereinafter as the "Collateral Agent"; Collateral Agent and Star as the Administrative Agent under the Loan Agreement are referred to herein each as an "Agent" and collectively as the "Agents").

RECITALS:

A. Pursuant to the Loan Agreement, the terms of which are incorporated by reference herein, BOK and Star have severally agreed to make certain loans and other extensions of credit to or for the account of Assignor upon the terms and subject to the conditions set forth in the Loan Agreement.

B. Pursuant to the Loan Agreement, Assignor has granted to Collateral Agent, for its benefit and the ratable benefit of BOK and Star and, as applicable, each of the other Lenders under the Loan Agreement (each a "Lender" and collectively, the "Lenders"), a lien on and security interest in machinery, equipment formulations, manufacturing procedures, quality control procedures and product specifications ("Other Assets") relating to products sold under the Trademarks and the Licenses, as those terms are defined in this Agreement, whereby the Collateral Agent shall have the right to foreclose on the Trademarks, the Licenses and the Other Assets in the event of the occurrence and continuance of an Event of Default under the Loan Agreement, in order that the owner of the Trademarks and the Licenses may continue the manufacture of products to be sold under the Trademarks and the Licenses and maintain substantially the same product specifications and quality as maintained by Assignor.

C. BOK and Star have required as a condition, among others, to the making of any loans or other extensions of credit under the Loan Agreement, that Assignor execute and deliver this Agreement to Collateral Agent for its benefit and the ratable benefit of the Lenders.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor and the Collateral Agent hereby agree as follows:

1. Grant of Security. To secure the complete and timely satisfaction of all of the Obligations defined in the Loan Agreement (hereinafter sometimes referred to collectively as the "Obligations"), Assignor hereby grants to Collateral Agent, for its benefit and the ratable benefit of the Lenders, a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, all of Assignor's now owned or existing and hereafter acquired or arising:

A. Trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on the Trademark Schedule attached hereto and made a part hereof, and [i] all renewals thereof, [ii] all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, [iii] the right to sue for past, present and future infringements and dilutions thereof, [iv] the goodwill of Assignor's business symbolized by the foregoing and connected therewith, and [v] all of Assignor's rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications, together with the items described in clauses [i] - [v] in this "Grant of Security" Section of this Agreement, are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and

B. Rights under or interests in any trademark license agreements or service mark license agreements with any other party, whether Assignor is a licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on the Licenses Schedule, which is attached to and made a part of this Agreement, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by Assignor and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses").

2. Representations, Warranties, and Covenants. Assignor represents, warrants and covenants that

A. The Trademarks and the Licenses collectively constitute all of the material trademarks and licenses in which Assignor has an interest as of the date of this Agreement, and are subsisting and have not been adjudged invalid or unenforceable;

B. To the best of Assignor's knowledge, each of the Trademarks and the Licenses is valid and enforceable;

C. No claim has been made that the use of any of the Trademarks or the Licenses does or may violate the rights of any third person;

D. Assignor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks and the Licenses, free and clear of any liens, charges and encumbrances, including without limitation pledges and assignments;

E. Assignor has the unqualified right to enter into this Agreement and perform its terms;

F. Assignor has used, and will continue to use, for the duration of this Agreement, trademark notices consistent with the laws of the applicable territory; and

G. Assignor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products sold under the Trademarks and the Licenses.

3. Right of Inspection. Assignor hereby grants to Agents and their respective employees and agents the right to visit Assignor's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks or the Licenses, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. Assignor shall do any and all acts required by either Agent to ensure Assignor's compliance with Subsection G of the "Representations, Warranties, and Covenants" Section of this Agreement.

4. No Further Assignment. Assignor agrees that, until all of the Obligations shall have been satisfied in full, Assignor will not enter into any agreement or assign any rights inconsistent with Assignor's obligations under this Agreement, without Agents' prior written consent. Nothing contained in this Agreement shall prevent Assignor from entering into license with respect to the Trademarks in the ordinary course of carrying out Assignor's business.

5. Additional Trademarks and Licenses. If, before the Obligations shall have been satisfied in full, Assignor shall obtain rights to any new trademarks or licenses, the provisions of the "Grant of Security" Section of this Agreement shall automatically apply thereto and Assignor shall give each of the Agents prompt written notice thereof.

6. Amendment to Trademarks Schedule and Licenses Schedule. Assignor authorizes Collateral Agent to modify this Agreement by amending [i] the Trademark Schedule to include any future trademarks and trademark applications and [ii] the Licenses Schedule to include any future licenses all of which are covered by the preceding Sections of this Agreement.

7. Termination of License. If any Event of Default shall have occurred and be continuing, Collateral Agent shall have, in addition to all other rights and remedies given it by this Agreement, those 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 Trademarks and the Licenses may be located and, without limiting the generality of the foregoing, the Collateral Agent may immediately, without demand of performance and without other notice (except as set forth next below) or demand

whatsoever to Assignor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Louisville, Kentucky, or elsewhere, all or from time to time, any of the Trademarks or the Licenses, or any interest which the Assignor may have therein, and after deducting from the proceeds of sale or other disposition of the Trademarks and the Licenses all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds after payment of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Assignor. Notice of any sale or other disposition of the Trademarks and the Licenses shall be given to Assignor not less than ten (10) days before the time of any intended public or private sale or other disposition of the Trademarks or the Licenses is to be made, which Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, any holder of any of the Notes as defined in the Loan Agreement or Collateral Agent may, to the extent permissible under applicable law, purchase the whole or any part of the Trademarks and Licenses sold, free from any right of redemption on the part of Assignor, which right is hereby waived and released.

8 Termination of Agreement At such time as Assignor shall completely satisfy all of the Obligations, this Agreement shall terminate and Collateral Agent shall execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Trademarks and the Licenses, subject to any disposition thereof which may have been made by Collateral Agent pursuant to this Agreement.

9 Fees and Expenses Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorney's fees and legal expenses incurred by Agents in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Trademarks and the Licenses, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks and the Licenses, shall be borne and paid by Assignor on demand by either Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in any of the Notes described in the Loan Agreement.

10 Trademarks and Licenses Proceedings.

A. Assignor shall have the duty, consistent with its ordinary business operations and goals, to prosecute diligently any trademark applications of the Trademarks pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to make federal application on registrable but unregistered Trademarks, to file and prosecute opposition and cancellation proceedings and to do any and all reasonable acts which are necessary and desirable to preserve and maintain all rights in the Trademarks and the Licenses. Any expenses incurred in connection with the Trademarks and the Licenses shall be borne by Assignor. The Assignor shall not abandon any Trademark or any License, other than pending intent to use applications, without the consent of the Agents, provided such consent is not unreasonably withheld.

B. Assignor shall have the right to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the Trademarks and the Licenses, in which event Collateral Agent may, if necessary, be joined as a nominal party to such suit if Collateral Agent shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. Assignor shall promptly, upon demand, reimburse and indemnify each of the Agents for all damages, costs and expenses, including attorney's fees, incurred by Agents, and each of them, in the fulfillment of the provisions of this "Trademarks and Licenses Proceedings" Section of this Agreement.

11. Appointment of Attorney-in-Fact. Assignor hereby irrevocably appoints Collateral Agent as Assignor's attorney-in-fact to do all things which Agents may deem necessary or appropriate including, but not limited to, endorsing Assignor's name on all applications, documents, papers and instruments necessary for Collateral Agent to [i] use the Trademarks and the Licenses; [ii] grant or issue any exclusive or nonexclusive license under the Trademarks and the Licenses to anyone else, or [iii] assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone else. This power of attorney shall be irrevocable for the life of this Agreement. In furtherance of the above-described appointment, Assignor has, as of the date of this Agreement, executed and delivered to Collateral Agent a Special Power of Attorney (Trademarks and Licenses) (the "Power of Attorney") in the form attached to this Agreement as the Power of Attorney Exhibit. Notwithstanding the foregoing, the Collateral Agent shall not be empowered to use the rights granted to the Collateral Agent in this "Appointment of Attorney-in-Fact" Section of this Agreement or in the Power of Attorney unless and until an Event of Default under the Loan Agreement or this Agreement has occurred.

12. Miscellaneous.

A. If Assignor fails to comply with any of its obligations under this Agreement, Collateral Agent on behalf of the Lenders may do so in Assignor's name or in Collateral Agent's name, but at Assignor's expense, and Assignor hereby agrees to reimburse Collateral Agent in full for all expenses, including reasonable attorney's fees, incurred by Collateral Agent in protecting, defending and maintaining the Trademarks and the Licenses.

B. No course of dealing between Assignor and either Agent, nor any failure to exercise, nor any delay in exercising, on the part of either Agent, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

C. All of Agents' respective rights and remedies with respect to the Trademarks and the Licenses, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

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

E. This Agreement is subject to modification only by a writing signed by the parties, except as provided in the "Amendment to Trademarks Schedule and Licenses Schedule" Section of this Agreement.

F. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

G. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the Commonwealth of Kentucky.

WITNESS the execution hereof under the seal as of the day and year first above written.

"Assignor"

COMMONWEALTH BRANDS, INC., a Kentucky corporation


By:


Brad M. Kelley, President

"Collateral Agent"

BANK ONE, KENTUCKY, NA, a national banking association

By:


Dennis P. Heishman,
Senior Vice President

TRADEMARK SCHEDULE
TRADEMARKS

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration No.</u>
Brahman	August 9, 1994	1,849,554
#Bull Device	March 12, 1988	845,757
#Bull Durham	July 4, 1987	831,334
#Bull Durham & Label with Bull Device	March 24, 1992	1,680,540
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Commonwealth	November 1, 1994	1,861,444
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*Crown's	February 6, 1996	1,955,228
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Sonoma	December 13, 1994	1,867,767
Special 10's Pack Design	April 23, 1996	1,970,274
USA Gold	July 4, 1995	1,903,775
Whitetail	January 21, 1997	2,032,909
Winged Horse Design	December 11, 1982	741,832

#Assignments of these trademarks from Copperhead Brands, Inc. to Commonwealth Brands, Inc. have been filed with the Patent and Trademark Office.

*Subject to the effect, if any, of a 1993 assignment from The American Tobacco Company to Swisher International, Inc. (Reel 0973/Frame 0142)

TRADEMARK AND SERVICE MARK APPLICATIONS

<u>Trademark</u>	<u>Application Date</u>	<u>Serial No.</u>
#Bull Durham	November 25, 1991	74/225238
#Bull Durham		75/258150
#Bull Durham	November 25, 1991	74/224923
#Bull Durham	November 25, 1991	74/225380
#Bull Durham	December 29, 1993	74/475628
Natural Blend		75/410156
Natural Blend		75/408881
Rico Suave		75/258407
Xanadu		75/446601

#Assignments of these Applications from Copperhead Brands, Inc. to Commonwealth Brands, Inc. , have been filed with the Patent and Trademark Office.

LICENSE SCHEDULE

None, except:

License Agreement dated as of November 1, 1996, between Commonwealth Brands, Inc., a Kentucky corporation, and Brown & Williamson Tobacco Corporation, a Delaware corporation.

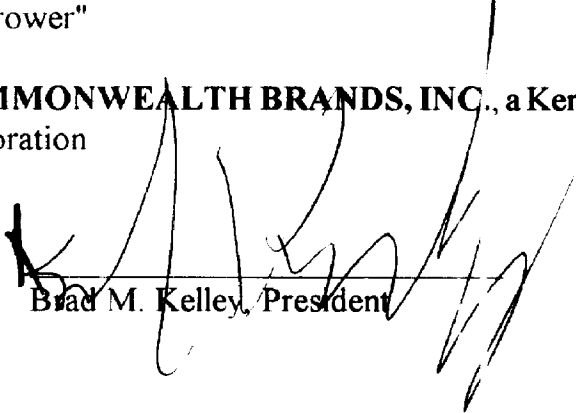
Power of Attorney Exhibit
to
Agreement
(Attach Form of Power of Attorney)

This power of attorney is made pursuant to the Trademark Security Agreement, dated the date hereof, between Borrower and Agent and may not be revoked until the payment in full of all Obligations as defined in the Trademark Security Agreement.

"Borrower"

COMMONWEALTH BRANDS, INC., a Kentucky corporation

By:



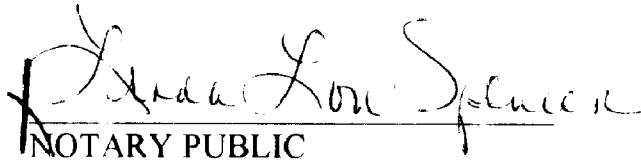
Brad M. Kelley, President

STATE OF KENTUCKY)
) SS
COUNTY OF WARREN)

The foregoing instrument was acknowledged before me this 25 day of November, 1998, by Brad M. Kelley, as President of Commonwealth Brands, Inc., a Kentucky corporation, on behalf of the corporation.

My commission expires: JAN 22, 2001

[AFFIX SEAL]


NOTARY PUBLIC