

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
Vitamin Cottage Two Ltd. Liability Company		09/29/2006	LIMITED LIABILITY COMPANY: COLORADO
RECEIVING PARTY DATA			
Name:	JPMorgan Chase Bank, N.A.		
Street Address:	1125 17th Street		
Internal Address:	Suite 300		
City:	Denver		
State/Country:	COLORADO		
Postal Code:	80202		
Entity Type:	National Association:		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Serial Number:	76416962	VITAMIN COTTAGE NATURAL GROCERS	
Serial Number:	74354334	VITAMIN COTTAGE	
CORRESPONDENCE DATA			
Fax Number:	(303)866-0200		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	303-861-7000		
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Correspondent Name:	Samantha Sturgis		
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ATTORNEY DOCKET NUMBER:	42551-01180		
NAME OF SUBMITTER:	Samantha A. Sturgis		

OP \$65.00 76416962

Signature:	/Samantha A. Sturgis/
Date:	10/13/2006
Total Attachments: 16 source=Trademark Security Agreement#page1.tif source=Trademark Security Agreement#page2.tif source=Trademark Security Agreement#page3.tif source=Trademark Security Agreement#page4.tif source=Trademark Security Agreement#page5.tif source=Trademark Security Agreement#page6.tif source=Trademark Security Agreement#page7.tif source=Trademark Security Agreement#page8.tif source=Trademark Security Agreement#page9.tif source=Trademark Security Agreement#page10.tif source=Trademark Security Agreement#page11.tif source=Trademark Security Agreement#page12.tif source=Trademark Security Agreement#page13.tif source=Trademark Security Agreement#page14.tif source=Trademark Security Agreement#page15.tif source=Trademark Security Agreement#page16.tif	

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of September 29, 2006, is from Vitamin Cottage Two Ltd. Liability Company, a Colorado limited liability company ("Debtor"), to JPMorgan Chase Bank, N.A., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for the ratable benefit of the Secured Parties (as defined in the Credit Agreement referenced below).

Recitals

A. Vitamin Cottage Natural Food Markets, Inc. ("Borrower"), the Lenders party thereto and the Administrative Agent are parties to a Credit Agreement of even date herewith (together with any amendments, modifications, replacements or substitutions thereof, the "Credit Agreement"), pursuant to which the Lenders have agreed to make available to Borrower a term loan and revolving line of credit in the initial aggregate maximum principal of \$31,000,000 (the "Loan").

B. Debtor owns 38% of the Equity Interests of Borrower.

C. Debtor has entered into that certain Guaranty Agreement, dated as of the date hereof, in favor of the Administrative Agent pursuant to which Debtor guarantees the obligations of the Borrower under the Credit Agreement (the "VC Two Guaranty").

D. It is a condition precedent to the effectiveness of, and the making of the Loan to Borrower under, the Credit Agreement, that among other things, Debtor shall have executed and delivered to Administrative Agent this Agreement granting to Administrative Agent a security interest in, among other things, the Collateral (as defined in this Agreement).

E. Debtor has determined that it is in its best interests to execute this Agreement inasmuch as Debtor will derive substantial direct and indirect benefits from the credit extensions made to Borrower from time to time pursuant to the Credit Agreement, and Debtor understands and agrees that Administrative Agent, the Lenders and any additional Secured Parties are relying on this representation in agreeing to make credit extensions to it under the Credit Agreement.

Agreement

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

1. Any term used or defined in the Code (as defined below), that is not defined in this Agreement has the meaning given to that term in the Code, as in effect from time to time, when used in this Agreement. Other capitalized terms used but not defined herein have the respective meanings assigned to them in the Credit Agreement. The following words and terms shall have the following meanings, respectively, unless the context hereof otherwise clearly requires:

(a) “Code” means the Uniform Commercial Code as in effect in the State of Colorado from time to time, or in any jurisdiction the laws of which may be applicable to or in connection with the creation, perfection or priority of any security interest purported to be created under the Loan Documents.

(b) “Collateral” means all of Debtor’s right, title and interest in, to and under the following described property of Debtor (except as otherwise indicated, each capitalized term used in this Section 1(b) shall have in this Agreement the meaning given to it by the Code):

(i) Trademarks. All trademarks, trademark applications and registrations, service marks, service mark applications and registrations, trade names, trade name applications and registrations, domain names, logos, slogans, phrases, trade dress and other designations of source or origin used in the business of Debtor or relating to the products and services offered by Debtor, including without limitation, all trademarks and applications and registrations listed on Schedule A, together with (A) all renewals thereof, (B) all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including without limitation, damages and payments for past, present and future infringements thereof, (C) the right to sue for past, present and future infringements thereof, and (D) all rights corresponding, incident or relating thereto (collectively, the “Trademarks”), and together with the goodwill of the business and assets of Debtor’s business (including without limitation, know-how, trade secrets, customer lists, proprietary information, inventions, methods, procedures and formulas) connected with the use of and symbolized by the Trademarks;

(ii) Licenses. All licenses and similar agreements relating to any Trademark, including without limitation, the licenses and similar agreements described in Section 4(c) below, together with (i) all renewals, extensions, supplements and continuations thereof and supplements thereto, (ii) income, royalties, damages and payments now or hereafter due or payable with respect thereto, including without limitation, damages and payments for past, present or future breaches thereof, (iii) the right to sue for past, present and future breaches thereof, and (iv) all rights corresponding, incident or relating thereto;

(iii) Instruments. All Instruments, if any, evidencing income or royalties now or hereafter due or payable with respect to any of the foregoing; and

(iv) Proceeds. All Accounts, General Intangibles, receivables, amounts, revenues, royalties and proceeds of or relating to, or otherwise generated from or under, the Trademarks and to the extent not otherwise included, any payments under insurance (whether or not Administrative Agent is the loss payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the Trademarks, including without limitation all amounts payable by Borrower under or in connection with the license agreements described in Section 4(c) below.

In each case, the foregoing shall constitute Collateral, whether Debtor’s ownership or other rights therein are presently held or hereafter acquired (by operation of law or otherwise) and howsoever Debtor’s interests therein may arise or appear (whether by ownership, license, security interest, claim or otherwise). Notwithstanding anything herein to the contrary, in no event shall the security interest granted hereunder attach to (a) any license or agreement to which Debtor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of Debtor therein or (ii) in a breach or termination pursuant to the terms of, or a default under, any such license or agreement (other

than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity); provided, however, that such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation, unenforceability, other restriction or assignment shall be remedied and, to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (i) or (ii) including, without limitation, any proceeds of such lease, license, contract, property rights or agreement.

(c) “Event of Default” means a “Default” or an “Event of Default” under and as defined in the Credit Agreement or any other Loan Document.

(d) “USPTO” means the United States Patent and Trademark Office.

(e) “Secured Obligations” means (i) collectively, all “Guaranteed Indebtedness” under and as defined in the VC Two Guaranty, (ii) to the extent not otherwise included in clause (i), all principal, interest (including, without limitation, interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to Borrower or Debtor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), and all other charges, fees, premiums, indemnities and expenses relating to any of the foregoing under this Agreement or any other Loan Document, and (iii) to the extent not otherwise included in clauses (i) or (ii), all costs, expenses and reasonable attorneys’ fees (including fees of inside counsel) paid or incurred by the Administrative Agent at any time before or after judgment in attempting to collect any of the foregoing, to realize on any Collateral, and to enforce this Agreement.

2. As security for the due and punctual payment and performance of the Secured Obligations in full, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code (or any successor provision)), Debtor hereby agrees that the Administrative Agent shall have, and Debtor hereby pledges, assigns, grants to and creates in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, a Lien on and security interest in and to the Collateral. The intent of the parties hereto is that the Collateral secures all Secured Obligations, whether or not such Secured Obligations exist under this Agreement or any of the other Loan Documents.

3. Notwithstanding anything herein to the contrary, (a) Debtor shall remain liable under the licenses, contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Administrative Agent of any of its rights hereunder shall not release Debtor from any of its duties or obligations under the licenses, contracts and agreements included in the Collateral, and (c) the Administrative Agent shall not have any obligation or liability under any license, contract or agreement included in the Collateral by reason of this Agreement, nor shall the Administrative Agent be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Neither the Administrative Agent nor any purchaser at a foreclosure sale under this Agreement shall be obligated to assume any obligation or liability under any license, contract or agreement included in the Collateral unless the Administrative Agent or such purchaser expressly agrees in writing to assume any or all of said obligations.

4. Debtor represents and warrants to the Administrative Agent that on the date hereof and on the date of each borrowing under the Credit Agreement:

(a) The execution, delivery and performance of this Agreement (i) are within Debtor's corporate or limited liability company power and authority, as the case may be; (ii) have been duly authorized by proper corporate or limited liability company action, as the case may be; (iii) do not require the approval of any governmental agency, other entity or person; and (iv) will not (A) violate (1) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Debtor or (2) Debtor's articles or certificate of organization, operating or other management agreement, or other constitutive or organizing document, as the case may be, or (3) the provisions of any material indenture, instrument or agreement to which Debtor is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default hereunder or thereunder, or (B) result in, or require, the creation or imposition of any Lien in, of or on the property of Debtor pursuant to the terms of any such indenture, instrument or agreement. This Agreement constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms.

(b) Debtor is the sole legal and beneficial owner of the Collateral, and Debtor has, and will at all times during the term of this Agreement have, good and marketable title to (or valid right in and the power to transfer such rights) the Collateral, free and clear of all pledges, Liens, claims, or encumbrances except for the security interest granted to the Administrative Agent herein, and will have at all times full right, power and authority to grant a security interest in the Collateral to the Administrative Agent in the manner provided herein, free and clear of any lien, security interest, adverse claims or other charges or encumbrances, except for the security interest granted to the Administrative Agent herein.

(c) Other than under (i) the Trademark License Agreement entered into between Debtor and Borrower on January 1, 2002 (as an amendment and restatement of the Trademark License Agreement entered into between Debtor and Borrower on November 1, 1998), (ii) the License Agreement between Debtor and Allen Mae Corporation dated August 20, 1993, as extended pursuant to that certain letter from Sandra Jaquith on behalf of the Allen Mae Corporation dated March 13, 2003, and (iii) the license granted by Debtor to Boulder Vitamin Cottage Group, LLC under the terms stated in that certain Acknowledgment of License between Debtor and Boulder Vitamin Cottage Group, LLC, dated September 29, 2006, neither Debtor nor any of its affiliates, subsidiaries, licensees, or predecessors, nor anyone acting on their behalf, has granted any license to use the Trademarks or otherwise caused to be transferred or encumbered in any way any rights in the Trademarks. As of the date hereof, each of the above licenses constitute the legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms.

(d) Upon the execution and delivery of this Agreement, the filing of all related UCC-1 financing statements, and the filing of this Agreement and all related filings with the USPTO, the Administrative Agent's security interest in such Collateral conferred hereby will be a valid, perfected, first priority security interest. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in the USPTO or any other recording office except such as may have been filed in favor of the Administrative Agent relating to this Agreement.

(e) There are no restrictions upon the transfer of any of the Collateral and Debtor has the right to pledge and grant a security interest in or otherwise transfer such Collateral owned by it free of any encumbrance or right of third parties, except for the security interest granted to the Administrative Agent herein.

(f) Debtor is a limited liability company formed in the State of Colorado, with chief executive office or sole place of business, federal tax identification number (if applicable) and organizational identification number (if applicable) as set forth in Schedule B.

(g) As of the date hereof, Debtor's exact full legal name is, and for the previous five (5) years was, as set forth in the first paragraph of this Agreement. Except as set forth in Schedule B, Debtor has not, during the past five (5) years preceding the date hereof: (i) been known by or used any other corporate, limited liability company or fictitious name, (ii) been a party to any merger or consolidation, (iii) acquired all or substantially all of the assets of any Person, or (iv) acquired any of its property outside of the ordinary course of business.

(h) Neither the ownership or intended use of the Collateral by Debtor, nor the grant of a security interest by Debtor to the Administrative Agent herein, nor the exercise by the Administrative Agent of its rights or remedies hereunder, will (i) violate (A) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Debtor, (B) Debtor's articles or certificate of organization, operating or other management agreement, or other constitutive or organizing document, as the case may be, or (C) the provisions of any material indenture, instrument or agreement to which Debtor is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default hereunder or thereunder (except that the exercise by the Administrative Agent of its rights or remedies hereunder may result in a default thereunder), or (ii) result in, or require, the creation or imposition of any Lien in, of or on the property of Debtor pursuant to the terms of any such indenture, instrument or agreement.

(i) No consent, approval, authorization or order of, and no notice to or filing (other than UCC-1 financing statements and the filing of this Agreement or any related filings with the USPTO) with any court, governmental authority or third party is required in connection with, the grant by Debtor of the security interest herein, or the exercise by the Administrative Agent of its rights and remedies hereunder.

(j) All information supplied by Debtor with respect to any of the Collateral (in each case taken as a whole with respect to any particular Collateral) is accurate and complete in all respects. All material Collateral is genuine and validly existing. The Trademarks are valid, subsisting, and enforceable in all material respects throughout the United States. Except for matters that would not reasonably be expected to result in a Material Adverse Effect, (i) none of the Trademarks and no use of the Trademarks has infringed or is infringing the rights of any third party, (ii) no one has infringed or is infringing any of the rights in or to any of the Trademarks and (iii) no claims have been asserted or threatened against Debtor by any third party either (A) challenging the validity, enforceability, effectiveness or ownership by Debtor of any of the Trademarks; or (B) to the effect that use reproduction, modification, manufacture, distribution, licensing, sublicensing, sale, or any other exercise of rights in the Trademarks by Debtor or by any person on behalf of Debtor infringes or will infringe on any right of any person. As of the date hereof, the Trademarks specifically described on Schedule A constitute all of the Trademarks now owned by Debtor and no other registrations or applications for registration for any of the Trademarks have been filed or obtained with any governmental authority.

(k) As of the date hereof, Schedule A sets forth a complete list of all Trademarks for which Debtor is the registered owner (the "Owned Intellectual Property"). Except as disclosed on Schedule A, as of the date hereof, and, as of any subsequent date except for matters that would not reasonably be expected to result in a Material Adverse Effect: (i) Debtor owns the Owned Intellectual Property of Debtor free and clear of all restrictions (including covenants not to sue a

third party), court orders, injunctions, decrees, writs or Liens, whether by written agreement or otherwise, (ii) no Person other than Debtor owns or has been granted any right in the Owned Intellectual Property of Debtor, except for licenses described in paragraph above 4(c) above, (iii) all material Owned Intellectual Property of Debtor is valid, subsisting and enforceable, in full force and effect, and otherwise in compliance with all applicable legal requirements, (iv) Debtor has taken all action necessary to maintain and protect the Owned Intellectual Property of Debtor, (v) Debtor is not bound by any agreement or other obligation that would limit the ability of Debtor or any licensee to use or enforce any of the Owned Intellectual Property of Debtor, and (vi) no Owned Intellectual Property of Debtor has been or is now involved in any opposition or cancellation proceeding and, to the knowledge of Debtor, no such action is threatened with respect to any of the Owned Intellectual Property of Debtor.

(l) Except as disclosed on Schedule A, as of the date hereof, and, as of any subsequent date except for matters that would not reasonably be expected to result in a Material Adverse Effect Debtor has no knowledge of, and has not received any written claim or notice alleging, any infringement of another Person's intellectual property rights (including any written claim that Debtor must license or refrain from using the intellectual property rights of any third party) nor, to the knowledge of Debtor, has there been any written threat of such claim.

5. Debtor will faithfully preserve, protect and defend the Administrative Agent's security interest in the Collateral as a prior perfected security interest under the Code, superior and prior to the rights of all third Persons, and will do all such other acts and things and will, upon request therefor by the Administrative Agent, execute, deliver, file and record, and Debtor hereby authorizes the Administrative Agent to so file, all such other documents and instruments, including, without limitation, financing statements, security agreements, assignments and documents and powers of attorney with respect to the Collateral, and pay all filing fees and taxes related thereto, as the Administrative Agent in its reasonable discretion may deem necessary or advisable from time to time in order to attach, continue, preserve, perfect, and protect said security interest (including the filing at any time or times after the date hereof of financing statements under, and in the locations advisable pursuant to, the Code), and Debtor hereby irrevocably appoints the Administrative Agent, its officers, employees and agents, or any of them, as attorneys-in-fact for Debtor to execute, deliver, file and record such items for Debtor and in Debtor's name, place and stead. This power of attorney, being coupled with an interest, shall be irrevocable for the life of this Agreement. Debtor shall pay all costs and expenses relating to the preservation, protection and defense of the Administrative Agent's security interest in the Collateral in accordance with this Section 5.

6. Debtor covenants and agrees as follows:

(a) Debtor will keep accurate and complete books and records concerning the Collateral, as required under GAAP and as approved by the Administrative Agent.

(b) Debtor shall perform in all material respects all of its obligations with respect to the Collateral. Debtor shall not alter, modify, discount, extend, renew or cancel any Collateral, except for (i) changes in the ordinary course of business and (ii) other changes that, individually or in the aggregate, do not materially affect the value of the Collateral when considered as a whole. Debtor shall promptly notify the Administrative Agent in writing of any material adverse change in the condition of the Collateral. Debtor shall provide Administrative Agent with prompt notice of any opposition, cancellation or similar proceeding relating to the Collateral or any part thereof, and shall diligently defend its rights in any such action or

proceeding. Debtor shall (A) prosecute diligently any application for trademark registration pertaining to the Trademarks, now or hereafter pending; (B) file and prosecute opposition, cancellation, protest, and similar proceedings relating to the Trademarks; and (C) preserve and maintain all rights in any Trademark applications and registrations, and any expenses incurred in connection with the foregoing shall be borne by Debtor. Debtor agrees to maintain (to the extent Debtor has the control thereof) the quality of the products (if any) in connection with which the Trademarks are used, consistent with the exercise of Debtor's reasonable business judgment.

(c) At any time following the occurrence and during the continuance of an Event of Default, the Administrative Agent may (without notice to or the consent of Debtor): (i) notify, or require Debtor to notify, the licensees under any Collateral to make payment of all amounts due or to become due to Debtor thereunder directly to the Administrative Agent (until such licensees are so directed, Debtor, as agent of the Administrative Agent, shall make collections on such Collateral); and (ii) enforce, at the expense of Debtor, collection of any such receivables and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Debtor might have done.

(d) Except with the prior written consent of the Administrative Agent, Debtor shall not authorize, and there will not be on file in any public office, any financing statement or other document or instruments naming Debtor as a debtor in respect of any Collateral, except financing statements or other documents or instruments filed or to be filed in favor of the Administrative Agent. Debtor hereby authorizes the Administrative Agent to, at any time and from time to time, file in any one or more jurisdictions financing statements that describe the Collateral, together with continuation statements thereof and amendments thereto, without the signature of Debtor and which contain any information required by the Code or any other applicable statute applicable to such jurisdiction for the sufficiency or filing office acceptance of any financing statements, continuation statements, or amendments. Without limiting the foregoing, the Debtor hereby authorizes the Administrative Agent to file a copy of this Agreement with the USPTO. Debtor agrees to furnish any such information to the Administrative Agent promptly upon request.

(e) Debtor shall not (i) change its location as defined in any applicable Code, or the office where it keeps its records on the date hereof, unless it shall have given the Administrative Agent not less than 30 days prior written notice thereof, or (ii) make any change to its form of organization, or (iii) make any change to its legal name.

(f) Debtor shall furnish to the Administrative Agent any information that the Administrative Agent may from time to time reasonably request concerning any covenant, provision or representation contained herein or any other matter in connection with the Collateral or the Loan Documents.

(g) Debtor shall (i) timely pay all property and other taxes, assessments and governmental charges (including renewal fees) or levies imposed upon the Collateral or any part thereof, (ii) timely pay all lawful claims which, if unpaid, might become a lien or charge upon the Collateral or any part thereof, and (iii) maintain appropriate accruals and reserves for all such liabilities in a timely fashion in accordance with generally accepted accounting procedures. Debtor may, however, delay paying or discharging any such taxes, assessments, charges, claims or liabilities so long as the validity thereof is contested in good faith by proper proceedings and adequate reserves therefor have been set aside on its books.

(h) Debtor shall at any time and from time to time take such steps as the Administrative Agent may reasonably request as are necessary for the Administrative Agent to insure the continued perfection of the Administrative Agent's security interest in the Collateral with the same priority required hereby and the preservation of its rights therein.

(i) Debtor shall not (i) sell, assign (by operation of law or otherwise), transfer, license, exchange, lease or otherwise dispose of any of the Collateral; (ii) grant a lien on or security interest in or execute, file or record any financing statement, instrument of registration or other security instrument with respect to the Collateral, or (iii) deliver actual or constructive possession of the Collateral to any other Person; provided that (A) the licenses listed in Section 4(c) above shall be permitted to exist, (B) Debtor shall be permitted to transfer the Trademarks and other Collateral to the Borrower so long as the consideration therefor consists solely of common stock of the Borrower, and (C) Debtor shall be permitted to merge into or consolidate with the Borrower in accordance with Section 6.03(a)(i)(F) of the Credit Agreement.

(j) Debtor shall not take or fail to take any action that it has the right to do, or authorize any licensee or third party to take or omit to take any action that may result in a material change to or the abandonment, invalidation, unenforceability, avoidance, availability or diminution in the value of the Trademarks if such abandonment, invalidation, unenforceability, avoidance, availability or diminution in the value would have a material adverse effect on the operations or financial condition of Debtor, or would in any manner otherwise impair the value or enforceability of Administrative Agent's security interest in any Collateral.

(k) If, before the Secured Obligations shall have been satisfied in full, Debtor shall obtain rights to any new or additional registered trademarks, trademark applications or registrations, service marks, service mark applications or registrations, Debtor shall give to Administrative Agent prompt notice thereof in writing. Any of the foregoing therefore shall, without any further action on behalf of Debtor, automatically become subject to the terms of this Agreement and shall be deemed to be Trademarks for the purposes of this Agreement. Debtor hereby authorizes Administrative Agent and appoints Administrative Agent, its agent and attorney-in-fact to modify this Security Agreement by amending Schedule A to include any new or additional trademarks and applications and registrations thereof and to execute such additional security agreements, financing statements, instruments of registration and related documents necessary or appropriate to perfect Administrative Agent's interest therein; and Debtor agrees to execute such additional security agreements, financing statements, instruments of registration and related documents as may be reasonably requested by Administrative Agent to perfect Administrative Agent's interest in any of the foregoing.

(l) Upon the Administrative Agent's reasonable request, Debtor will deliver possession of any and all Instruments comprising the Collateral, together with any endorsements or instruments of transfer related as the Administrative Agent shall reasonably request.

7. Debtor assumes full responsibility for taking any and all necessary steps to preserve the Administrative Agent's first priority Lien on and security interest in the Collateral against all Persons. The powers conferred on the Administrative Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

8. (a) At any time and from time to time whether or not an Event of Default then exists and without prior notice to or consent of either Debtor, the Administrative Agent may at its option take such actions as the Administrative Agent deems appropriate (i) to attach, perfect, continue, preserve and protect the Administrative Agent's first priority security interest in or Lien on the Collateral, and/or (ii) to inspect, audit and verify the Collateral, including reviewing all of Debtor's books and records and copying and making excerpts therefrom, at any reasonable time and as often as the Administrative Agent may reasonably desire; provided that greater restrictions may be placed on the same pursuant to the Guaranty or the Credit Agreement.

(b) At any time and from time to time after an Event of Default exists and is continuing and without prior notice to or consent of either Debtor, the Administrative Agent may at its option take such action as the Administrative Agent deems appropriate (i) to maintain, repair, protect and insure the Collateral, and/or (ii) to perform, keep, observe and render true and correct any and all covenants, agreements, representations and warranties of Debtor hereunder, and (iii) to add all liabilities, obligations, costs and expenses reasonably incurred in connection with the foregoing clauses (i) and (ii) to the Secured Obligations, to be paid by the Debtors to the Administrative Agent upon demand.

9. Debtor hereby irrevocably appoints the Administrative Agent as Debtor's attorney-in-fact, with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, from time to time, upon the occurrence of an Event of Default, to take action and to execute any instrument that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation: (i) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for money due and to become due under or in respect of any of the Collateral; (ii) to receive, indorse and collect any drafts or other instruments or documents, in connection with clause (i) above; (iii) to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Administrative Agent with respect to any of the Collateral; (iv) to take possession immediately, with or without notice, demand, or legal process, of any of or all of the Collateral wherever found, and for such purposes, enter upon any premises upon which the Collateral may be found and remove the Collateral therefrom; (v) to require Debtor to assemble its Collateral and deliver it to the Administrative Agent or to any place designated by the Administrative Agent at Debtor's expense; (vi) to endorse Debtor's name on all applications, registrations, documents, papers and instruments necessary or desirable for Debtor in its use of the Trademarks and to prepare, file, process and prosecute all applications and registrations; (vii) to grant or issue any exclusive or non-exclusive license under the Trademarks and under such terms as Administrative Agent deems appropriate; (ix) to the extent permitted by applicable law, to assign, pledge, convey, or otherwise transfer title in or dispose of any of the Collateral to anyone under such terms as Administrative Agent deems appropriate; (x) to execute and deliver on behalf of Debtor assignments substantially in the form of Exhibit A (with such changes and modifications as Administrative Agent deems appropriate), or in such other form as deemed appropriate by Administrative Agent, of the Trademarks to any purchaser at a foreclosure proceeding, and take such other action as may be required to grant, perfect and protect the assignment of such Trademarks; and (xi) to take any other action with respect to the Collateral as Administrative Agent deems in its best interest. This power of attorney, being coupled with an interest, shall be irrevocable for the life of this Agreement. Debtor hereby waives all claims of damages due to or arising from or connected with any of the rights or remedies exercised by the Administrative Agent pursuant to this Agreement, except claims for damage to the Collateral arising from gross negligence, bad faith or willful misconduct by the Administrative Agent.

10. After there exists any Event of Default:

(a) The Administrative Agent shall have and may exercise all the rights and remedies available to a Administrative Agent under the Code in effect at the time, and such other rights and remedies as may be provided by law and as set forth below, including without limitation to take over and collect all of Debtor's Collateral and to exercise its rights under the power of attorney granted under Section 9.

(b) The Administrative Agent shall have the right to lease, sell or otherwise dispose of all or any of the Collateral at public or private sale or sales for cash, credit or any combination thereof, with such notice as may be required by law (it being agreed by Debtor that, in the absence of any contrary requirement of law, ten (10) days' prior notice of a public or private sale of Collateral shall be deemed reasonable notice), in lots or in bulk, for cash or on credit, all as the Administrative Agent, in its sole discretion, may deem advisable. Such sales may be adjourned from time to time with or without notice. The Administrative Agent shall have the right to conduct such sales on either Debtor's premises or elsewhere and shall have the right to use either Debtor's premises without charge for such sales for such time or times as the Administrative Agent may see fit. The Administrative Agent may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Secured Obligations. The Administrative Agent may disclaim warranties of title, possession, quiet enjoyment and the like, and such disclaimers shall not make any such sale or disposition commercially unreasonable.

(c) Debtor, at its cost and expense (including the cost and expense of any of the following referenced consents, approvals etc.) will promptly execute and deliver or cause the execution and delivery of all applications, certificates, instruments, registration statements, and all other documents and papers the Administrative Agent may request after the occurrence of an Event of Default in connection with the obtaining of any consent, approval, registration, qualification, permit, license, accreditation, or authorization of any other official body or other Person necessary or appropriate for the effective exercise of any rights hereunder or under the other Loan Documents. Without limiting the generality of the foregoing, Debtor agrees that in the event the Administrative Agent shall exercise its rights hereunder or pursuant to the other Loan Documents after the occurrence of an Event of Default, to sell, transfer, or otherwise dispose of, or vote, consent, operate, or take any other action in connection with any of the Collateral, Debtor shall execute and deliver (or cause to be executed and delivered) all stock powers, applications, certificates, assignments and other documents that the Administrative Agent requests to facilitate such actions and shall otherwise promptly, fully, and diligently cooperate with the Administrative Agent and any other Persons in making any application for the prior consent or approval of any official body or any other Person to the exercise by the Administrative Agent or any such rights relating to all or any of the Collateral.

(d) Debtor shall at its expense and upon request of Administrative Agent forthwith, assemble all or part of the documentation relating to the Collateral as directed by Administrative Agent and make it available to Administrative Agent at a place to be designated by Administrative Agent which is reasonably convenient to both parties;

(e) Administrative Agent may reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest created hereby by any available judicial procedure;

(f) Administrative Agent may execute and deliver, or require Debtor to, and Debtor hereby agrees that it shall at its expense and upon request of Administrative Agent forthwith, execute and deliver to a purchaser at a foreclosure proceeding assignments, substantially in the form of Exhibit A (with such changes and modifications as Administrative Agent deems appropriate), or in such other form as deemed appropriate by Administrative Agent, of all right, title and interest in and to the Trademarks, and require Debtor to take such other action as Administrative Agent may request to grant, perfect and protect said assignment of the Trademarks and exercise its rights and remedies with respect to such assigned Trademarks;

(g) Administrative Agent may apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof, and Debtor hereby consents to any such appointment; and

(h) At its discretion, Administrative Agent may retain the Collateral in satisfaction of the Obligations whenever the circumstances are such that Administrative Agent is entitled to do so under the Code or otherwise.

11. In addition to, and without limitation of, any rights of Administrative Agent or any of the other Secured Parties under this Agreement, any of the other Loan Documents and applicable law, if Debtor becomes insolvent, however evidenced, or any Event of Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any of the Secured Parties or any Affiliate of any of the Secured Parties to or for the credit or account of Debtor may, without prior notice to Debtor, be offset and applied toward the payment of the Secured Obligations owing to such Secured Party, whether or not the Secured Obligations, or any part thereof, shall then be due. This right of setoff may be enforced or exercised by any of the Secured Parties (or the Administrative Agent, on behalf of the other Secured Parties) regardless of whether or not such Secured Party has made any demand under this Section 11 or whether the Secured Obligations are contingent, matured, or unmatured. Any delay, neglect or conduct by any of the Secured Parties (or the Administrative Agent, on behalf of the other Secured Parties) in exercising its rights under this Section 11 will not be a waiver of the right to exercise this right of setoff.

12. All rights of Administrative Agent and all obligations of Debtor under this Agreement shall be absolute and unconditional, irrespective of (i) any lack of validity or enforceability of the other Loan Documents; (ii) any exchange, release or nonperfection of any portion of the Collateral; (iii) any change in the time, manner or place of payment of, or other term of, or any portion of Debtor's or any other obligor's obligations under the Loan Documents; or (iv) any other amendment, modification, extension or waiver of, or consent to any departure from, the Loan Documents. In the event that the proceeds of any sale, collection or realization of or upon the Collateral by or on behalf of Administrative Agent are insufficient to pay all amounts to which Administrative Agent is legally entitled under the Loan Documents, Debtor shall remain liable to the Administrative Agent for and shall pay to the Administrative Agent any deficiency, together with interest thereon as provided in the Credit Agreement or (if no interest is so provided) at such other rate as shall be fixed by applicable law, together with the costs of collection and the fees and expenses of any attorneys employed by Administrative Agent to collect such deficiency, which may remain after such sale, collection or realization. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by the Administrative Agent or any of the other Secured Parties or by any other Person upon the

insolvency, bankruptcy or reorganization of Debtor, Borrower, any other Subsidiary of Debtor or any other Person, or any other similar action or proceeding or otherwise, all as though such payment had not been made.

13. Upon payment or satisfaction in full of the Secured Obligations and the termination of the Commitments, this Agreement shall terminate and be of no further force and effect, and the Administrative Agent shall return to Debtor such of the Collateral and such other documents delivered by Debtor hereunder as may then be in the Administrative Agent's possession, subject to the rights of third parties, and without recourse, warranty or representation to or by Administrative Agent. Until such time, however, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

14. No failure or delay on the part of the Administrative Agent in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof or of any other right, remedy, power or privilege of the Administrative Agent hereunder; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No waiver of a single Event of Default shall be deemed a waiver of a subsequent Event of Default. The rights and remedies of the Administrative Agent under this Agreement are cumulative and in addition to any rights or remedies which it may otherwise have, and the Administrative Agent may enforce any one or more remedies hereunder successively or concurrently at its option.

15. No amendment or waiver of any provision of this Agreement, and no consent to any departure by Debtor therefrom, shall be effective unless in writing signed by the Administrative Agent and the relevant Debtor, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

16. All notices, statements, requests and demands given to or made upon either party hereto in accordance with the provisions of this Agreement shall be given or made as provided in the VC Two Guaranty, with respect to Debtor, and in the Credit Agreement, with respect to Administrative Agent.

17. This Agreement shall be binding upon and inure to the benefit of the Administrative Agent, and Debtor and each of its respective successors and assigns, except that no Debtor may assign or transfer its obligations hereunder or any interest herein without the prior written consent of the Administrative Agent. Nothing herein, however, is intended to modify the prohibitions on assignment contained in the Credit Agreement or the Guaranty.

18. (a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF COLORADO, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

(b) DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE NON EXCLUSIVE JURISDICTION OF (i) ANY UNITED STATES FEDERAL OR COLORADO STATE COURT SITTING IN DENVER, COLORADO AND (ii) THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS

AGREEMENT, AND DEBTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY TO BRING PROCEEDINGS AGAINST DEBTOR IN THE COURTS OF ANY OTHER JURISDICTION.

(c) DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. DEBTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) DEBTOR HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS IN ANY SUIT, ACTION OR PROCEEDING IN ANY OF THE ABOVE-MENTIONED COURTS BY THE MAILING THEREOF BY THE ADMINISTRATIVE AGENT OR ANY OF THE OTHER SECURED PARTIES BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF COLORADO, AT ITS ADDRESS SPECIFIED IN SECTION 16. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OF THE OTHER SECURED PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

19. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate 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.

20. DEBTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). DEBTOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS PROVISION IS A MATERIAL INDUCEMENT TO ADMINISTRATIVE AGENT AND THE OTHER SECURED PARTIES TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS.

21. Debtor represents and warrants that it has consulted with its legal counsel regarding all waivers under this Agreement, including without limitation those under Sections 18 and 20 hereof.

22. If any of the Collateral shall be sold or otherwise disposed of in a transaction expressly permitted by Section 6(i) above, then the Administrative Agent, at the reasonable request and sole expense of Debtor, shall execute and deliver to Debtor all releases or other documents the Administrative Agent deems reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

23. JPMorgan Chase Bank, N.A. has been appointed Administrative Agent for the Lenders hereunder pursuant to Article VIII of the Credit Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Lenders to the Administrative Agent pursuant to the Credit Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article VIII. Any successor Administrative Agent appointed pursuant to Article VIII of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

24. Debtor consents to Borrower's grant in favor of the Administrative Agent of a Lien on and security interest under the Code in and to the license granted to Borrower by Debtor pursuant to the terms of the Trademark License Agreement dated January 1, 2002.

25. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Debtor acknowledges and agrees that a facsimile transmission to the Administrative Agent of the signature pages hereof purporting to be signed on behalf of Debtor shall constitute effective and binding execution and delivery hereof by Debtor.

EXECUTION PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement as of the day and year first above set forth.


VITAMIN COTTAGE TWO LTD.
LIABILITY COMPANY,
a Colorado limited liability company

By: *Kemper Isely*
Kemper Isely, Manager

EXECUTION PAGE—TRADEMARK SECURITY AGREEMENT

**SCHEDULE A
TO
SECURITY AGREEMENT**

Federal Trademark Registrations for the Marks

<i>Mark</i>	<i>Reg. No.</i>	<i>Reg. Date</i>	<i>Goods/Services</i>
	2697734	March 18, 2003	<p>Vitamin and mineral supplements.</p> <p>Retail grocery store and mail order services featuring vitamin and mineral supplements.</p>
VITAMIN COTTAGE	1795426	September 28, 1993	Retail store and mail order sales of vitamins, food supplements, organic food products, and health related books and appliances; namely, vegetable juicers.