

Form PTO-1594 (Rev. 07/05)  
OMB Collection 0651-0027 (exp. 6/30/2008)

U.S. DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

**1. Name of conveying party(ies):**

Abbey Restaurants and Bars USA, LLC

- Individual(s)
- General Partnership
- Corporation- State: \_\_\_\_\_
- Other limited liability company
- Association
- Limited Partnership

Citizenship (see guidelines) Delaware

Additional names of conveying parties attached?  Yes  No

**3. Nature of conveyance /Execution Date(s) :**

Execution Date(s) April 30, 2008

- Assignment
- Security Agreement
- Other \_\_\_\_\_
- Merger
- Change of Name

**2. Name and address of receiving party(ies)**

Additional names, addresses, or citizenship attached?  Yes  No

Name: Fortress Credit Corp.  
 Internal  
 Address: c/o Drawbridge Special Opportunities Fund, LP  
 Street Address: 1345 Avenue of the Americas  
 City: New York  
 State: New York  
 Country: USA Zip: 10105

- Association Citizenship \_\_\_\_\_
- General Partnership Citizenship \_\_\_\_\_
- Limited Partnership Citizenship \_\_\_\_\_
- Corporation Citizenship Delaware
- Other \_\_\_\_\_ Citizenship \_\_\_\_\_

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)

**4. Application number(s) or registration number(s) and identification or description of the Trademark.**

A. Trademark Application No.(s)  
77975067; 77975066; 77975186; 77975188; 77115136;  
77115201; 78901561; 78802671; 78803097; 78809308;  
78863592; 77366636; 77366611; 78812657; cont'd...

B. Trademark Registration No.(s)

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Mandie Smolich  
 Internal Address: Sidley Austin LLP  
 Street Address: 555 West Fifth Street, 40th Floor  
 City: Los Angeles  
 State: CA Zip: 90013  
 Phone Number: 213-896-6147  
 Fax Number: 213-896-6600  
 Email Address: mamolich@sidley.com

**6. Total number of applications and registrations involved:**

35

**7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$:720**

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

**8. Payment Information:**

a. Credit Card Last 4 Numbers \_\_\_\_\_  
 Expiration Date \_\_\_\_\_  
 b. Deposit Account Number: 501597  
 Authorized User Name Mandie Smolich

**9. Signature:**

Mandie Smolich

Signature

May 2, 2008

Date

Mandie Smolich

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 52

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

CH \$890.00 501597 77975067

**Attachment to Trademark Recordation Cover Sheet****Item 1: Name of Conveying Parties (Continued)**

SBE Licensing, LLC, a Delaware limited liability company

**Item 4: Application Numbers (Continued)**

78812627

78812669

78894209

77306092

77238338

77221375

77411187

77254343

77255421

77255420

77255416

77379431

77381497

77381496

77382074

77381335

77381332

77379471

77379457

77379420

77379402

Execution Version

**PLEDGE AND SECURITY AGREEMENT**

THIS PLEDGE AND SECURITY AGREEMENT (this "Security Agreement") is entered into as of April 30, 2008, by and among SBE RESTAURANT GROUP, LLC, a California limited liability company (the "Borrower"), the Collateral Subsidiaries party hereto, and any additional Collateral Subsidiaries, whether now existing or hereafter formed which become parties to this Security Agreement (collectively, the "Additional Collateral Subsidiaries" and individually, an "Additional Collateral Subsidiary") by executing a supplement hereto (a "Security Agreement Supplement") in substantially the form of Annex I (such Additional Collateral Subsidiaries, together with the Collateral Subsidiaries and the Borrower, the "Grantors", and each, a "Grantor"), in favor of FORTRESS CREDIT CORP., as administrative agent (together with its successors and assigns, in such capacity, the "Agent"), for the benefit of the Lender Group under the Credit Agreement defined below. Each of the Grantors and the Agent are referred to in certain provisions of this Security Agreement as a "Party", and collectively, as the "Parties".

## PRELIMINARY STATEMENT

WHEREAS, the Borrower, the financial institutions party thereto from time to time as lenders (collectively, the "Lenders"), the other Credit Parties signatory thereto, and the Agent have entered into that certain Credit Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), which Credit Agreement provides, subject to the terms and conditions thereof, for the making of the Term Loans by the Lenders to the Borrower;

WHEREAS, each Grantor has agreed to grant a security interest in substantially all of its tangible and intangible personal property and to pledge its capital stock, membership interests or partnership interests in certain of its Subsidiaries to the Agent, for the benefit of the Lender Group, as security for the Obligations (as defined below); and

WHEREAS, the Agent and the Lenders have required, as a condition, among others, to the effectiveness of the Credit Agreement and the other Loan Documents, that each Grantor execute and deliver this Security Agreement;

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

## ARTICLE I

## DEFINITIONS

1.1. Terms Defined in Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2. Terms Defined in Code. Terms defined in the Code which are not otherwise defined in this Security Agreement are used herein as defined in the Code.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, the following terms shall have the following meanings:

“Accounts” shall have the meaning set forth in Division 9 of the Code.

“Article” means a numbered article of this Security Agreement, unless another document is specifically referenced.

“Chattel Paper” shall have the meaning set forth in Division 9 of the Code.

“Code” means the California Uniform Commercial Code, as in effect from time to time.

“Collateral” means all Accounts, Chattel Paper, Commercial Tort Claims, Documents, Equipment, Goods, General Intangibles, Instruments, Inventory, Investment Property, Pledged Deposits, Supporting Obligations and Other Collateral, wherever located, in which any Grantor now has or hereafter acquires any right or interest, and the proceeds (including Stock Rights), insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto. Notwithstanding anything to the contrary contained in this definition, Collateral shall not include (i) contractual rights in any lease, license, contract, or agreement to the extent and for so long as the grant of a security interest herein is prohibited and such prohibition has not been or is not waived or the consent of the other party to such lease, license, contract, or agreement has not been or is not otherwise obtained or under applicable Law such prohibition cannot be waived, (ii) rights under governmental licenses and authorizations to the extent and for so long as the grant of a security interest therein is prohibited by Law, and (iii) any intent-to-use trademark or service mark application prior to the filing of a statement of use or amendment to allege use, or any other intellectual property, to the extent that applicable Law or regulation prohibits the creation of a security interest or would otherwise result in the loss of rights from the creation of such security interest or from the assignment of such rights upon the occurrence and continuance of an Event of Default; provided, that the forgoing exclusion shall in no way be (A) construed to apply if any such prohibition would be rendered ineffective under the Code (including Sections 9406, 9407 and 9408 thereof) or other applicable law (including the United States Bankruptcy Code) or principles of equity, (B) construed so as to limit, impair or otherwise affect Agent’s unconditional continuing Liens upon any rights or interests of any Grantor in or to the proceeds thereof (including proceeds from the sale, license, lease or other disposition thereof), including monies due or to become due under any such lease, license, contract, or agreement (including any Accounts), or (C) construed to apply at such time as the condition causing such prohibition shall be remedied and, to the extent severable, “Collateral” shall include any portion of such lease, license, contract, agreement that does not result in such prohibition.

“Commercial Tort Claims” means the commercial tort claims, as defined in the Code, of any Grantor, including each commercial tort claim specifically described in Exhibit E.

“Control” shall have the meaning set forth in Division 8 or, if applicable, in Section 9104, 9105, 9106 or 9107 of Division 9 of the Code.

“Deposit Accounts” shall have the meaning set forth in Division 9 of the Code.

“Documents” shall have the meaning set forth in Division 9 of the Code.

“Equipment” shall have the meaning set forth in Division 9 of the Code.

“Exhibit” refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

“General Intangibles” shall have the meaning set forth in Division 9 of the Code.

“Goods” shall have the meaning set forth in Division 9 of the Code.

“Instruments” shall have the meaning set forth in Division 9 of the Code.

“Inventory” shall have the meaning set forth in Division 9 of the Code.

“Investment Property” shall have the meaning set forth in Division 9 of the Code.

“Other Collateral” means any personal property of the Grantors not included within the defined terms Accounts, Chattel Paper, Commercial Tort Claims, Documents, Equipment, General Intangibles, Instruments, Inventory, Investment Property and Pledged Deposits, including, without limitation, all cash on hand, letter-of-credit rights, letters of credit, Stock Rights and Deposit Accounts or other deposits (general or special, time or demand, provisional or final) with any bank or other financial institution, it being intended that the Collateral include all personal property of the Grantors.

“Pledged Collateral” means, with respect to each Grantor, all right, title and interest of such Grantor in, to and under the Collateral and other assets pledged, or to which a security interest is granted, to the Agent, for the benefit of the Lender Group, hereunder.

“Pledged Deposits” means all time deposits of money (other than Deposit Accounts and Instruments), whether or not evidenced by certificates, which a Grantor may from time to time designate as pledged to the Agent or to any Holder of Obligations as security for any Obligations, and all rights to receive interest on said deposits.

“Receivables” means the Accounts, Chattel Paper, Documents, Investment Property, Instruments or Pledged Deposits, and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Security” has the meaning set forth in Division 8 of the Code.

“Stock Rights” means any securities, dividends or other distributions and any other right or property which any Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any securities or other

ownership interests in a corporation, partnership, joint venture or limited liability company constituting Pledged Collateral and any securities, any right to receive securities and any right to receive earnings, in which any Grantor now has or hereafter acquires any right, issued by an issuer of such securities.

“Supporting Obligation” shall have the meaning set forth in Division 9 of the Code.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

## ARTICLE II

### GRANT OF SECURITY INTEREST

2.1. Grantor Pledge. Each of the Grantors hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Lender Group, a security interest in all of such Grantor’s right, title and interest, whether now owned or hereafter acquired, and wherever located, in and to the Collateral to secure the prompt and complete payment and performance of the Obligations.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

Each Grantor represents and warrants to the Agent and the Lenders, and each Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement in substantially the form of Annex I represents and warrants (after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement), that:

3.1. Title, Authorization, Validity and Enforceability. Each such Grantor has good and valid rights in or the power to transfer the Pledged Collateral owned by it and title to the Pledged Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1.4 hereof, and has full corporate, limited liability company or partnership, as applicable, power and authority to grant to the Agent the security interest in such Pledged Collateral pursuant hereto. The execution and delivery by each such Grantor of this Security Agreement has been duly authorized by proper corporate, limited liability company or partnership, as applicable, proceedings, and this Security Agreement constitutes a legal, valid and binding obligation of each such Grantor and creates a security interest which is enforceable against each such Grantor in all Pledged Collateral it now owns or hereafter acquires, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws relating to or affecting the enforcement of creditors’ rights generally and (ii) general equitable principles (whether considered in a proceeding in equity or at law). When appropriate financing statements have been filed in the appropriate offices against each Grantor in the locations listed on Exhibit D, and appropriate filing made in the appropriate filing offices for intellectual property, the Agent will have a fully perfected first priority security interest in the Pledged Collateral owned by such Grantor in which

a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1.4 hereof.

3.2. Conflicting Laws and Contracts. Neither the execution and delivery by each Grantor of this Security Agreement, the creation and perfection of the security interest in the Pledged Collateral granted hereunder, nor compliance with the terms and provisions hereof will (i) violate any Law, writ, judgment, injunction, decree or award binding on such Grantor, or (ii) violate such Grantor's Governing Documents, or (iii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of any Grantor, (iv) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of any Grantor, other than Agent's Liens, or (v) require any approval of any Grantor's interestholders or any approval or consent of any Person under any material contractual obligation of any Grantor, other than consents or approvals that have been obtained and that are still in force and effect.

3.3. Property Locations. The Inventory and Equipment of each Grantor are located solely at the locations of such Grantor described in Exhibit A. All of said locations are located in the United States of America and are owned by such Grantor except for locations which are leased by such Grantor as lessee and designated in Part B of Exhibit A.

3.4. No Default. As of the Closing Date, no Default or Event of Default has occurred and is continuing.

3.5. Accounts and Chattel Paper. The names of the obligors, amounts owing, due dates and other information with respect to the Accounts and Chattel Paper owned by each Grantor are and will be correctly stated in all records of such Grantor relating thereto and in all invoices and reports with respect thereto furnished to the Agent by such Grantor from time to time. As of the time when each Account or each item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all material respects what they purport to be.

3.6. Filing Requirements. As of the Closing Date, none of the Equipment owned by any Grantor is covered by any certificate of title, except for its vehicles. None of the Pledged Collateral owned by such Grantor is of a type for which security interests or liens may be perfected by filing under any federal statute except for (i) its vehicles and (ii) the federally registered patents, trademarks and copyrights held by such Grantor and described in Exhibit B.

3.7. No Financing Statements. No financing statement describing all or any portion of the Pledged Collateral which has not lapsed or been terminated naming any Grantor as debtor has been filed in any jurisdiction except financing statements (i) naming the Agent as the secured party, and (ii) in respect of Liens permitted by Section 6.2 of the Credit Agreement; provided, that nothing herein shall be deemed to constitute an agreement to subordinate any of the Agent's Liens under the Loan Documents to any Liens otherwise permitted under Section 6.2 of the Credit Agreement.

3.8. Federal Employer Identification Number; Jurisdiction of Organization Number; Jurisdiction of Organization. Each Grantor's federal employer identification number is, and if

such Grantor is a registered organization, such Grantor's jurisdiction of organization, type of organization and jurisdiction of organization identification number is, as listed on Exhibit F.

3.9. Pledged Securities and Other Investment Property. Exhibit C sets forth a complete and accurate list of the Instruments, Securities and other Investment Property delivered to the Agent. Each Grantor is the direct and beneficial owner of each Instrument, Security and other type of Investment Property listed on Exhibit C as being owned by it, free and clear of any Liens, except for the security interest granted to the Agent hereunder or as permitted by Section 6.2 of the Credit Agreement. Each Grantor further represents and warrants that (i) all such Instruments, Securities or other types of Investment Property which are shares of stock in a corporation or ownership interests in a partnership or limited liability company have been (to the extent such concepts are relevant with respect to such Instrument, Security or other type of Investment Property) duly and validly issued, are fully paid and non-assessable and constitute the percentage of the issued and outstanding shares of stock (or other equity interests) of the respective issuers thereof indicated on Exhibit C hereto and (ii) with respect to any certificates delivered to the Agent representing an ownership interest in a partnership or limited liability company, either such certificates are Securities as defined in Division 8 of the Code of the applicable jurisdiction as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Agent so that the Agent may take steps to perfect its security interest therein as a General Intangible.

#### ARTICLE IV

#### COVENANTS

From the date of this Security Agreement and thereafter until this Security Agreement is terminated pursuant to the terms hereof, each Grantor party hereto as of the date hereof agrees, and from and after the effective date of any Security Agreement Supplement in substantially the form of Annex I applicable to any Grantor (and after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement) and thereafter until this Security Agreement is terminated pursuant to the terms hereof, each such subsequent Grantor agrees that:

##### 4.1. General.

4.1.1 Records and Reports; Notification of Default. Each Grantor shall (i) keep and maintain complete, accurate and proper books and records with respect to the Pledged Collateral owned by such Grantor and furnish to the Agent such reports relating to its respective Pledged Collateral as the Agent shall from time to time reasonably request and (ii) give prompt notice (but in any event not later than the time period provided for such any notice set forth in Schedule 5.2 of the Credit Agreement) in writing to the Agent of the occurrence of any Default or Event of Default and of any other development, financial or otherwise, which could reasonably be expected to materially and adversely affect its respective Pledged Collateral.

4.1.2 Financing Statements and Other Actions; Defense of Title. Each Grantor hereby authorizes the Agent to file, and if requested by the Agent will execute and deliver



to the Agent, all financing statements describing the Pledged Collateral owned by such Grantor and other documents and take such other actions as may from time to time reasonably be requested by the Agent in order to maintain a first priority perfected security interest in and, if applicable, Control of, the Pledged Collateral owned by such Grantor, subject to Liens permitted under Section 6.2 of the Credit Agreement and any financing statements filed in connection therewith, provided that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Agent under the Loan Documents to any Liens otherwise permitted under Section 6.2 of the Credit Agreement. Such financing statements may describe the Pledged Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure that the perfection of the security interest in the Pledged Collateral granted to the Agent herein, including, without limitation, describing, with respect to any Grantor's financing statement, such property as "all assets" or "all personal property, whether now owned or hereafter acquired." Each Grantor will take any and all actions reasonably necessary, advisable or prudent to defend title to the Pledged Collateral owned by such Grantor against all persons and to defend the security interest of the Agent in such Pledged Collateral and the priority thereof against any Lien not expressly permitted hereunder or by the Credit Agreement.

4.1.3 Disposition of Collateral. No Grantor will sell, lease or otherwise dispose of the Pledged Collateral owned by such Grantor except dispositions specifically permitted pursuant to Section 6.4 of the Credit Agreement.

4.1.4 Liens. No Grantor will create, incur, or suffer to exist any Lien on the Pledged Collateral owned by such Grantor except Liens permitted pursuant to Section 6.2 of the Credit Agreement, provided, that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Agent under the Loan Documents to any Liens otherwise permitted under Section 6.2 of the Credit Agreement.

4.1.5 Other Financing Statements. No Grantor will suffer to exist or authorize the filing of any financing statement naming it as debtor covering all or any portion of the Pledged Collateral owned by such Grantor, except any financing statement authorized under Section 4.1.2 hereof.

#### 4.2. Receivables.

4.2.1 Certain Agreements on Receivables. During the occurrence and continuation of an Event of Default, Grantors may continue to make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof until the Agent gives the Borrower written notice that such discounts, credits, rebates and other reductions shall no longer be permitted to be made or agreed to be made by any Grantor. Prior to the occurrence and continuation of an Event of Default, Grantors may reduce the amount of Accounts arising from the sale of Inventory or the rendering of services in accordance with their respective present policies and in the ordinary course of business and as otherwise permitted under the Credit Agreement

4.2.2 Collection of Receivables. Except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by such Grantor in accordance with its present policies and in the ordinary course of business and as otherwise permitted under the Credit Agreement.

4.2.3 Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on a Receivable owned by such Grantor exists or (ii) any dispute, setoff, claim, counterclaim or defense exists or has been asserted or, to the knowledge of such Grantor, threatened with respect to a Receivable, such Grantor will disclose such fact to the Agent in writing in connection with the inspection by the Agent of any record of such Grantor relating to such Receivable and in connection with any invoice or report furnished by such Grantor to the Agent relating to such Receivable.

4.3. Inventory and Equipment. Each Grantor will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment owned by such Grantor in good working order and condition, ordinary wear, tear, and casualty excepted (and except where the failure to do so could not reasonably be expected to result in a Material Adverse Change).

4.4. Chattel Paper, Documents and Pledged Deposits. Each Grantor will (i) deliver to the Agent promptly upon execution of this Security Agreement the originals of all Chattel Paper, having a value in excess of \$50,000 in the aggregate for all such Chattel Paper, constituting Pledged Collateral, or in the case of any electronic Chattel Paper, grant Agent Control over such electronic Chattel Paper, (ii) hold in trust for the Agent upon receipt and promptly thereafter deliver to the Agent any such Chattel Paper constituting Pledged Collateral, or in the case of any electronic Chattel Paper, grant Agent Control over such electronic Chattel Paper, (iii) upon the designation of any Pledged Deposits (as set forth in the definition thereof), deliver to the Agent such Pledged Deposits which are evidenced by certificates included in the Pledged Collateral endorsed in blank, marked with such legends and assigned as the Agent shall specify, and (iv) upon the Agent's written request, after the occurrence and during the continuance of an Event of Default, promptly deliver to the Agent any Document evidencing or constituting Pledged Collateral (and thereafter hold in trust for the Agent any other Document upon receipt thereof and promptly deliver any such other Document to the Agent).

4.5. Securities and Instruments. Each Grantor will (i) deliver to the Agent promptly upon execution of this Security Agreement the originals of all Securities and Instruments constituting Pledged Collateral (if any then exist) and (ii) hold in trust for the Agent upon receipt thereafter and promptly following such receipt deliver to the Agent any Securities and Instruments constituting Pledged Collateral.

4.6. Uncertificated Securities and Certain Other Investment Property.

4.6.1 Each Grantor will permit the Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Investment Property not represented by certificates which are Pledged Collateral owned by such Grantor, if any,

to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Investment Property not represented by certificates and all rollovers and replacements therefor to reflect Agent's Lien granted pursuant to this Security Agreement. Each Grantor will use all reasonable best efforts, with respect to Investment Property constituting Pledged Collateral owned by such Grantor held with a financial intermediary, if any, to cause such financial intermediary to enter into a control agreement with the Agent in form and substance reasonably satisfactory to the Agent.

4.6.2 With respect to any Capital Stock which is included within the Pledged Collateral of any Grantor that are membership interests or other interests in a limited liability company, including without limitation all such Capital Stock of any Subsidiary that is a Credit Party or any Grantor, such Grantor shall cause the issuer of such Capital Stock to issue such Capital Stock in the form of a certificated Security (as defined below) to such Grantor. With respect to any Capital Stock which is included within the Pledged Collateral that shall at any time constitute a "security" as defined under Division 8 of the Code ("Security") or the issuer shall take any action to have such interests treated as a Security, (i) all certificates or other documents constituting such Security shall be delivered to Agent by the applicable Grantor, together with a transfer power with respect thereto in form and substance reasonably satisfactory to Agent and duly executed in blank, and such Security shall be properly defined as a Security under Division 8 of the Code of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (ii) Agent shall have entered into a control agreement with the issuer of such Security or with a securities intermediary relating to such Security and such Security shall be properly defined as a Security under Division 8 of the Code of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

4.6.3 Each Grantor shall cause each issuer that, from time to time, issues Capital Stock to such Grantor required to be pledged as Pledged Collateral hereunder, to execute and deliver an acknowledgement in the form and substance attached as Annex II hereto.

#### 4.7. Stock and Other Ownership Interests.

4.7.1 Changes in Capital Structure of Issuers. Except to the extent permitted in the Credit Agreement, no Grantor will (i) permit or suffer any Credit Party that issues Capital Stock constituting Pledged Collateral owned by such Grantor to dissolve, liquidate, retire any of its Capital Stock or other Instruments or Securities evidencing ownership, reduce its capital or merge or consolidate with any other entity, or (ii) vote any of the Instruments, Securities or other Investment Property in favor of any of the foregoing.

4.7.2 Issuance of Additional Securities. Except to the extent permitted in the Credit Agreement, no Grantor will permit the issuer of privately held corporate securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Pledged Collateral to issue any such securities or other ownership interests, any right to receive the same or any right to receive earnings, except to such Grantor.

4.7.3 Registration of Pledged Securities and other Investment Property. Each Grantor will permit any registerable Pledged Collateral owned by such Grantor to be registered in the name of the Agent or its nominee at any time at the option of the Required Lenders following the occurrence and during the continuance of an Event of Default and without any further consent of such Grantor.

4.7.4 Exercise of Rights in Pledged Securities and other Investment Property. Each Grantor will permit the Agent or its nominee at any time after the occurrence and continuance of an Event of Default, without notice, to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Pledged Collateral owned by such Grantor or any part thereof, and to receive all dividends and interest in respect of such Pledged Collateral. Unless and until an Event of Default shall have occurred and be continuing, (i) each Grantor shall be entitled to exercise all voting and other consensual rights pertaining to the Pledged Collateral for any purpose consistent with the terms of this Security Agreement, the Credit Agreement and the other Loan Documents; provided, however, that no Grantor will be entitled to exercise any such right if the result thereof could materially and adversely affect the rights and remedies of the Agent or Lenders under this Security Agreement or the Credit Agreement or any other Loan Document or the ability to exercise the same, and (ii) each Grantor shall be entitled to receive and retain all dividends or interest in respect of such Pledged Collateral subject to the terms and conditions of the Credit Agreement, the other Loan Documents and applicable Laws.

4.8. Deposit Accounts. Each Grantor will cause each bank or other financial institution in which it maintains a Deposit Account (other than accounts that are solely payroll accounts), or any other deposit, to enter into a Control Agreement, or with respect to such other deposits, a Control Agreement or other applicable agreement or instrument, with the Agent, in form and substance reasonably satisfactory to the Agent in order to give the Agent Control of such Deposit Account or such other deposit to the extent it does not already possess such Control or to further evidence such Control; provided, that, Hollywood Club shall not be required to deliver a Control Agreement covering account number 189285-2607 maintained at Comerica Bank (the "Settlement Account") so long as (a) the Settlement Account only contains funds necessary to pay settlement amounts to Kambiz and Monireh Batmanghelich in accordance with that certain Settlement Agreement and Release of Claims dated August 15, 2007 (the "Settlement Agreement"), which funds shall not exceed \$10,000 at any time (the "Settlement Account Cap"); provided, however, that, notwithstanding the Settlement Account Cap, at any time on or prior to August 15, 2008, the Settlement Account shall be permitted to contain funds up to an amount no greater than \$305,000 for a one-time period of five (5) consecutive Business Days solely for the purpose of paying settlement amounts in accordance with the Settlement Agreement; provided, further, that Hollywood Club shall notify Agent of the amount of funds in excess of the Settlement Account Cap to be deposited in the Settlement Account concurrently with, or prior to, such deposit and shall provide evidence reasonably satisfactory to Agent immediately upon payment of such funds in accordance with the Settlement Agreement; and (b) the Settlement Account is closed as soon as reasonably practicable following the last payments under the Settlement Agreement on August 15, 2008, but no later than September 15, 2008.

4.9. Letter-of-Credit Rights. Each Grantor will, upon the Agent's written request, use all reasonable best efforts to cause each issuer of a letter of credit, to consent to the assignment

of proceeds of the letter of credit in order to give the Agent Control of the letter-of-credit rights to such letter of credit.

4.10. Intellectual Property. If, after the date hereof, any Grantor acquires ownership of, or applies for or seeks registration of, any new patent, trademark or copyright in addition to the federally registered patents, trademarks and copyrights described in Exhibit B, which are all of such Grantor's federally registered patents, trademarks and copyrights as of the Closing Date (or, with respect to any Grantor that becomes subject hereto pursuant to a Security Agreement Supplement, the date of such Security Agreement Supplement), then such Grantor shall give the Agent notice of such newly acquired or registered patent, trademark or copyright, as part of each compliance certificate provided to the Agent pursuant to the Credit Agreement. Each Grantor agrees promptly upon written request by the Agent to execute and deliver to the Agent any supplement to this Security Agreement or any other document reasonably requested by the Agent to evidence a security interest in such intellectual property in a form appropriate for recording in the applicable federal office. Each Grantor also hereby authorizes the Agent to modify this Security Agreement unilaterally (i) by amending Exhibit B to include any future federally registered patents, trademarks and/or copyrights of which the Agent receives notification from such Grantor pursuant hereto and (ii) by recording, in addition to and not in substitution for this Security Agreement, a duplicate original of this Security Agreement containing in Exhibit B a description of such future federally registered patents, trademarks and/or copyrights.

4.11. Commercial Tort Claims. If, after the date hereof, any Grantor identifies the existence of a commercial tort claim, pursuant to which such Grantor reasonably expects to recover in excess of \$50,000, belonging to such Grantor that has arisen in the course of such Grantor's business in addition to the commercial tort claims described in Exhibit E, which are all of such Grantor's commercial tort claims as of the Closing Date (or, with respect to any Grantor that becomes subject hereto pursuant to a Security Agreement Supplement, the date of such Security Agreement Supplement), then such Grantor shall give the Agent prompt notice thereof, but in any event within fifteen (15) Business Days of such identification. Each Grantor agrees promptly upon written request by the Agent to execute and deliver to the Agent any supplement to this Security Agreement or any other document reasonably requested by the Agent to evidence the grant of a security interest in such commercial tort claim in favor of the Agent.

## ARTICLE V

### REMEDIES

5.1. Acceleration and Remedies. Upon the acceleration of the Obligations under the Credit Agreement pursuant to Section 8 thereof, all of the Obligations shall immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and the Agent may, with the concurrence or at the direction of the Required Lenders, exercise any or all of the following rights and remedies:

5.1.1 Those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Loan Document, provided that this Section 5.1.1 shall not be understood to limit any rights or remedies available to the Agent and the Lenders prior to the occurrence of an Event of Default.

5.1.2 Those rights and remedies available to a secured party under the Code (whether or not the Code applies to the affected Pledged Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement.

5.1.3 Without notice except as specifically provided in Section 8.1 hereof or elsewhere herein, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Pledged Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Agent may deem commercially reasonable.

The Agent may comply with any applicable state or federal law requirements in connection with a disposition of the Pledged Collateral, and such compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Pledged Collateral.

5.2. Grantors' Obligations Upon Event of Default. Upon the written request of the Agent after the occurrence and during the continuance of an Event of Default, each Grantor will:

5.2.1 Assembly of Pledged Collateral. Assemble and make available to the Agent its respective Pledged Collateral and all records relating thereto at any place or places specified by the Agent.

5.2.2 Secured Party Access. Permit the Agent, by the Agent's representatives and agents, to enter any premises where all or any part of its respective Pledged Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Pledged Collateral and to remove all or any part of the Pledged Collateral.

5.3. License. The Agent is hereby granted a license or other right to use, exercisable only following the occurrence and during the continuance of an Event of Default, without charge, each Grantor's labels, patents, copyrights, rights of use (to the extent such Grantor has a right to grant such a license) of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Pledged Collateral, in completing production of, advertising for sale, and selling any Pledged Collateral, and, following the occurrence and during the continuance of an Event of Default, such Grantor's rights under all licenses and all franchise agreements shall inure to the Agent's benefit. In addition, each Grantor hereby irrevocably agrees that the Agent may, following the occurrence and during the continuance of an Event of Default, sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased such Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Agent's rights under this Security Agreement, may sell Inventory which bears any trademark owned by or licensed to such Grantor and any Inventory that is covered by any copyright owned by or licensed to such Grantor and the Agent may affix any trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

## ARTICLE VI

## WAIVERS, AMENDMENTS AND REMEDIES

No delay or omission of the Agent or any Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or Event of Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Agent and each Grantor, subject to Section 14.1 of the Credit Agreement, and then only to the extent specifically set forth in such writing, provided that the addition of any Additional Collateral Subsidiary of the Borrower as a Grantor hereunder by execution of a Security Agreement Supplement in the form of Annex I (with such modifications as shall be reasonably acceptable to the Agent) shall not require receipt of any consent from or execution of any documentation by any other Grantor party hereto. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations (other than contingent indemnification obligations for which a claim has not been made) have been indefeasibly paid in full (in cash).

## ARTICLE VII

## PROCEEDS; COLLECTION OF RECEIVABLES

7.1. Collection of Receivables. The Agent may at any time after the occurrence and during the continuance of an Event of Default, by giving each Grantor prior written notice, elect to require that the Receivables be paid directly to the Agent for the benefit of the Lender Group. In such event, each Grantor shall, and shall permit the Agent to, promptly notify the account debtors or obligors under the Receivables owned by such Grantor of the Agent's interest therein and direct such account debtors or obligors to make payment of all amounts then or thereafter due under such Receivables directly to the Agent. Upon receipt of any such notice from the Agent, each Grantor shall thereafter hold in trust for the Agent, all amounts and proceeds received by it with respect to the Receivables and Other Collateral and promptly and at all times thereafter deliver to the Agent all such amounts and proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements. The Agent shall hold and apply funds so received as provided by the terms of Sections 7.2 and 7.3 hereof.

7.2. Special Collateral Account. The Agent may at any time after the occurrence and during the continuance of an Event of Default, by giving each Grantor prior written notice, elect to require all cash proceeds of such Grantor's Pledged Collateral to be deposited in a special cash collateral account with the Agent or another financial institution selected by Agent and held there as security for the Obligations. No Grantor shall have any control whatsoever over said cash collateral account. The Agent may (and shall, at the direction of the Required Lenders), from time to time, apply the collected balances in said cash collateral account to the payment of the Obligations whether or not the Obligations shall then be due.

7.3. Application of Proceeds. The proceeds of the Pledged Collateral shall be applied by the Agent to payment of the Obligations in the order for application of payments by the Borrower set forth in Section 2.3(b) of the Credit Agreement unless a court of competent jurisdiction shall otherwise direct.

## ARTICLE VIII

### GENERAL PROVISIONS

8.1. Notice of Disposition of Pledged Collateral. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Pledged Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Borrower, as designee for the other Grantors, addressed as set forth in Article IX, at least ten (10) days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made.

8.2. Compromises and Collection of Pledged Collateral. Each Grantor and the Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Agent shall be commercially reasonable so long as the Agent acts in good faith based on information known to it at the time it takes any such action.

8.3. Secured Party Performance of Grantors' Obligations. Upon the occurrence and during the continuance of an Event of Default, without having any obligation to do so, the Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and such Grantor shall reimburse the Agent for any actual amounts paid by the Agent pursuant to this Section 8.3; provided that, Grantor may pay or perform any such obligation at any time if such payment or performance is necessary or advisable in the Agent's reasonable discretion to perfect, maintain the perfection and priority of, or protect the validity of, the Agent's security interest in the Pledged Collateral. Each Grantor's obligation to reimburse the Agent pursuant to the preceding sentence shall be an Obligation payable on demand.

8.4. Authorization for Secured Party to Take Certain Action. Each Grantor irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent and appoints the Agent as its attorney in fact (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or advisable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the Agent's security interest in the Pledged Collateral, (ii) if an Event of Default has occurred and is continuing, to endorse and collect any cash proceeds of the Pledged Collateral, (iii) to file a carbon, photographic or other reproduction of any financing statement with respect to the Pledged Collateral as a financing statement and to file



any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Agent in its sole discretion deems necessary or advisable to perfect and to maintain the perfection and priority of the Agent's security interest in the Pledged Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral owned by such Grantor and which are Securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Agent Control over such Securities or other Investment Property, (v) if an Event of Default has occurred and is continuing, to enforce payment of the Instruments, Accounts and Receivables in the name of the Agent or such Grantor, (vi) to apply the proceeds of any Pledged Collateral received by the Agent to the Obligations as provided in Article VII and (vii) to discharge past due taxes, assessments, charges, fees or Liens on the Pledged Collateral (except for such Liens as are specifically permitted hereunder or under any other Loan Document), and each Grantor agrees to reimburse the Agent on demand for any reasonable payment made or any reasonable expense incurred by the Agent in connection therewith, provided that this authorization shall not relieve any Grantor of any of its obligations under this Security Agreement or under the Credit Agreement. The Agent agrees to give the applicable Grantor written notice of those actions taken by the Agent in respect of clauses (iv) and (vii) above; provided that such Grantor's receipt of such notice shall not be a condition to the Agent taking any such actions. The power of attorney granted in this Section is irrevocable and coupled with an interest.

8.5. Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1.3, 4.1.4, 4.4, 4.5, 5.2, or 8.7 or in Article VII hereof will cause irreparable injury to the Agent and the Lenders, that the Agent and Lenders have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Agent or the Lenders to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Grantors.

8.6. Use and Possession of Certain Premises. Upon the occurrence and during the continuance of an Event of Default, the Agent shall be entitled to occupy and use any premises owned or leased by any Grantor where any of such Grantor's Pledged Collateral or any records relating to such Grantor's Pledged Collateral are located until the Obligations are paid or such Grantor's Pledged Collateral is removed therefrom, whichever first occurs, without any obligation to pay any Grantor for such use and occupancy.

8.7. Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of its respective Pledged Collateral except as set forth in Section 4.1.3 hereof and notwithstanding any course of dealing between such Grantor and the Agent or other conduct of the Agent, no authorization to sell or otherwise dispose of such Grantor's Pledged Collateral (except as set forth in Section 4.1.3 hereof) shall be binding upon the Agent or the Lenders unless such authorization is in writing signed by the Agent with the consent or at the direction of the Lenders whose consent or signatures are required with respect thereto pursuant to Section 14.1 of the Credit Agreement.

8.8. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Agent and the Lenders and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Agent and the Lenders.

8.9. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.10. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.11. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms and (ii) all of the Obligations (other than contingent indemnification obligations for which a claim has not been made) have been paid (in cash) and performed in full, and at the Grantor's sole expense, the Agent, on its own behalf and on behalf of the Lenders, shall deliver documents, instruments and take all such further actions which the Grantors may reasonably request to evidence termination of this Security Agreement and the security interests granted hereby, including the return of the Pledged Collateral.

8.12. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Grantors and the Agent relating to the Pledged Collateral and supersedes all prior agreements and understandings among the Grantors and the Agent relating to the Pledged Collateral.

8.13. Choice of Law; California Judicial Reference; Alternative Dispute Resolution.

**8.13.1 CHOICE OF LAW. EXCEPT TO THE EXTENT OTHERWISE PROVIDED THEREIN, THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LOCAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES EXCEPT TO THE EXTENT NECESSARY TO ENFORCE THIS CHOICE OF LAW PROVISION.**

8.14. Dispute Resolution.

8.14.1 Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and further because the Parties wish applicable California State and Federal laws to apply, the Parties desire that their disputes be resolved by a judicial referee applying such applicable laws. The Parties understand and acknowledge that, to achieve these goals, the Parties are required to and hereby do forego resort to trial by jury in any action, suit, or proceeding brought to resolve any dispute, whether sounding in contract, tort or otherwise, arising out of, connected with, related to, or incidental to this Security

Agreement, and/or any other Loan Document, and/or the relationship established among the Parties in connection with this Security Agreement or any other Loan Document or related document or the transactions contemplated hereby or thereby (a "Dispute").

8.14.2 Accordingly, any Dispute arising out of or in connection with this Security Agreement, and/or any other Loan Document, and/or the relationship established amount the Parties in connection with this Security Agreement or any other Loan Document or related document or the transactions contemplated hereby or thereby, shall be resolved pursuant to the provisions for reference and trial by referee (without jury) set forth in California Code of Civil Procedure Section 638 et seq., or any statute containing reasonably similar provisions which replaces such sections, except as expressly modified by the provisions hereof. The referee ("Referee") shall be a retired or former California Superior Court or Court of Appeals judge or Supreme Court justice residing in the Los Angeles, California area, who is either (i) agreed to by the Parties to a Dispute within fifteen (15) days of the notice by any Party to the other(s) of the intention to invoke this Section 8.14 to resolve the Dispute, or (ii) failing such agreement, is appointed pursuant to California Code of Civil Procedure Section 640 in an action filed in the Superior Court of Los Angeles County, California.

8.14.3 The Parties agree that any Party may (and, if necessary, the other Parties shall join in such filing) file with the clerk of the Los Angeles County Superior Court, and/or with the appropriate judge of such court, any and all petitions, motions, applications or other documents necessary to obtain the appointment of such a Referee immediately upon the commencement of any action or proceeding to resolve any Dispute, and to conduct all necessary discovery and to proceed to a trial as expeditiously as possible. It is the Parties' intention and the Parties and the Referee shall use their best efforts to be certain that (i) discovery be conducted for a period no longer than six (6) months from the date (the "Referee Date") the Referee is appointed (whether by stipulation or by the Superior Court), excluding motions regarding discovery, and (ii) trial be set on a date that is within nine (9) months of the Referee Date. All discovery motions shall be filed with the Referee and served upon the opposing Party no later than the last day of the six-month discovery period; provided that the Parties agree to grant such reasonable extensions of time necessary to reflect the complexities of the issues presented for resolution. All proceedings, including trial, before the Referee shall be conducted at a neutral location (unless otherwise stipulated by the Parties) within ten (10) miles of the downtown Los Angeles County Superior Court. The Parties agree that said Referee shall be a judge for all purposes (including, without limitation, (x) ruling on any and all discovery matters and motions and any and all pretrial or trial motions, (y) setting a schedule of pretrial proceedings, and (z) making any other orders or rulings a sitting judge of the Superior Court would be empowered to make in any action or proceeding in the Superior Court). Any matter before the Referee shall be governed by the substantive law of California, its Code of Civil Procedure, Rules of Court, Evidence Code, and such other statutes or rules which would be applicable if the matter were tried in the Superior Court, except as otherwise specifically agreed by the Parties and approved by the Referee. The Parties intend this general reference agreement to be specifically enforceable in accordance with the California Code of Civil Procedure. Any decision of the Referee and/or judgment or other order entered thereon shall be appealable to the

same extent and in the same manner that such decision, judgment, or order would be appealable if rendered by a judge of the Los Angeles County Superior Court. The Referee shall in his/her statement of decision set forth his/her findings of fact and conclusions of law.

8.14.4 If a reporter is requested by any Party in connection with any action or proceeding respecting a Dispute, then a reporter shall be present at all proceedings where requested, and the fees of such reporter (except for copies ordered by the other Parties) (such fees, "Reporter Fees") shall be borne by the Parties as set forth below. With respect to any action or proceeding respecting a Dispute, the Party that is, or the Parties that are, not the prevailing party shall bear the fees charged and costs incurred by the Referee in connection with performing the services provided in this Section 8.14 and any Reporter Fees in connection therewith.

8.14.5 Nothing in this Section 8.14 shall prejudice the right of any Party to obtain provisional relief or other equitable remedies as shall otherwise be available under the Code of Civil Procedure and/or applicable Court Rules.

8.15. Alternative Dispute Resolution. If, and only if, any court of competent jurisdiction determines that the jury trial waiver and/or the appointment of a Referee or selection or use of the dispute resolution mechanisms set forth in Section 8.14 are impermissible or otherwise ineffective, then the Parties hereto agree as follows:

8.15.1 Any Dispute shall be expeditiously resolved by binding arbitration in Los Angeles, California, in accordance with the rules for arbitration established under the California Code of Civil Procedure, Title 9, Section 1280 et seq. as modified by this Section 8.15.

8.15.2 Any of the Parties may initiate arbitration proceedings by submitting to the other(s) a written demand for arbitration ("Demand") containing a brief statement of the issue or issues constituting the Dispute, and a brief statement of that Party's factual and legal contentions relating to the Dispute and any amount claimed. Within twenty (20) days thereafter, the responding Party shall submit to the other(s) a written response ("Response") containing his, her, or its description of the issue or issues constituting the Dispute (if different from those of the demanding Party), and a brief statement of the responding Party's factual and legal contentions relating to the Dispute, and the amount the responding Party claims is due or owed, if any.

8.15.3 All Disputes shall be resolved by a single arbitrator, who shall be selected by the mutual agreement of the Parties and who shall be a retired California Superior Court or Court of Appeals judge or Supreme Court justice.

8.15.4 A Demand shall be accompanied by a list of three persons satisfying the foregoing criteria whom the demanding Party is prepared to accept as the arbitrator. The responding Party may prior to or at the time of submitting its Response accept one of the arbitrators proposed by the demanding Party, or submit his or her own list of three acceptable arbitrators satisfying such criteria whom the responding Party is prepared to

accept as an arbitrator, any one of whom may be accepted by the demanding Party. If the Parties cannot agree on an arbitrator in accordance with the foregoing procedure within fifteen (15) days of the submission of a Response, then either Party may petition a Superior Court of competent jurisdiction to appoint an arbitrator (satisfying the foregoing requirements) in accordance with Section 1281.6 of the California Code of Civil Procedure, as it may be amended from time to time. The fact that a particular arbitrator has previously presided over or determined one or more Disputes between the Parties hereunder shall not disqualify that arbitrator from presiding over or resolving a different Dispute.

8.15.5 Following the appointment of the arbitrator, and for a period of forty five (45) days thereafter, the Parties shall have the right to conduct discovery pursuant to the provisions of Sections 1282.6, 1283 and 1283.05 of the California Code of Civil Procedure; provided, however, that the Parties shall also be entitled to engage and present testimony of and documentary evidence provided by expert witnesses in accordance with the provisions of the California Code of Civil Procedure governing discovery in civil litigation (to the extent such provisions add to, but do not conflict with, California Code of Civil Procedure Sections 1282.6, 1283, and 1283.05.

8.15.6 Except as may be otherwise ordered by the arbitrator, the hearing before the arbitrator shall take place (unless both Parties agree otherwise and subject to the availability of the arbitrator) no more than thirty (30) days after the completion of discovery.

8.15.7 Prior to the hearing, each Party may submit an arbitration brief to the arbitrator. Prior to the conclusion of the hearing, simultaneously and upon a date agreed upon between them or ordered by the arbitrator, each Party shall present to the arbitrator and serve on the opposing Party a written proposed award, covering and determining all of the issues of the Dispute. No further submissions to the arbitrator shall be made by any Party, unless ordered by the arbitrator. Within not more than fifteen (15) days thereafter, the arbitrator shall make an award which shall be in writing, shall be made on the evidence submitted, shall apply the California or Federal law indicated in this Security Agreement as the governing law, shall order only those remedies which a trial court of competent jurisdiction would be authorized to order if such Dispute were tried by such court, and shall otherwise comply with Section 1283.4 of the California Code of Civil Procedure.

8.15.8 With respect to any arbitration proceeding, the costs of arbitration and the fees of the arbitrator shall be borne by the Party that is, or the Parties that are, not the prevailing party.

8.15.9 The award of the arbitrator shall be final and binding on the Parties and may be enforced in any court of competent jurisdiction located in Los Angeles County, California.

8.16. Indemnity. Each Grantor hereby agrees, jointly with the other Grantors and severally, to pay, indemnify, defend, and hold each Indemnified Person harmless (to the fullest

extent permitted by Law) from and against any and all claims, demands, suits, actions, investigations, proceedings, and damages, and all reasonable attorneys' fees and disbursements and other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them in connection with or as a result of this Security Agreement or any other Loan Document, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Pledged Collateral, including, without limitation, latent and other defects, whether or not discoverable by the Agent or the Lenders or any Grantor, and any claim for patent, trademark or copyright infringement (all the foregoing, collectively, the "Indemnified Liabilities"). The foregoing to the contrary notwithstanding, the Grantors shall have no obligation to any Indemnified Person under this Section 8.16 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person. This provision shall survive the termination of this Security Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which any Grantor was required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by the Grantors with respect thereto. WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.

## ARTICLE IX

### NOTICES

All notices, requests and other communications to any party hereto shall be given in the manner prescribed in Section 11 of the Credit Agreement with respect to the Agent at its notice address therein and, with respect to any Grantor, in the care of the Borrower at the address of the Borrower set forth in the Credit Agreement, or such other address or telecopy number as such party may hereafter specify for such purpose in accordance with the provisions of Section 11 of the Credit Agreement.

## ARTICLE X

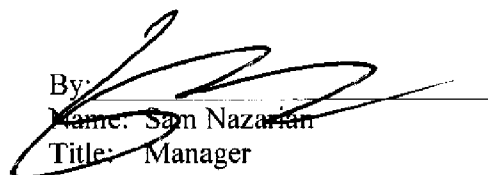
### THE ADMINISTRATIVE AGENT

Agent has been appointed administrative agent for the Lenders pursuant to Section 15 of the Credit Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Agent hereunder is subject to the terms of the delegation of authority made by the Lenders to the Agent pursuant to the Credit Agreement, and that the Agent has agreed to act (and any successor Agent shall act) as such hereunder only on the express conditions contained in Section 15 of the Credit Agreement. Any successor Agent appointed pursuant to Section 15 of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Agent hereunder.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each Grantor and the Agent have executed this Security Agreement as of the date first above written.

**SBE RESTAURANT GROUP, LLC,**  
as a Grantor

By:   
Name: Sam Nazarian  
Title: Manager

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

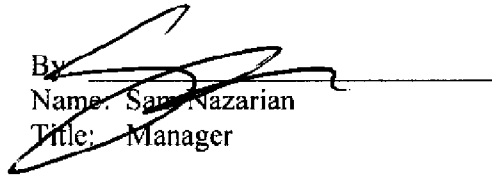
LAI 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0151**



**ABBEY RESTAURANTS AND BARS USA, LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

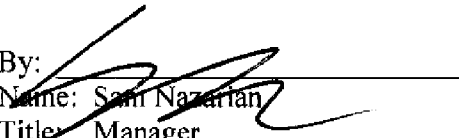
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LAI 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0152**

**NAZKOR, LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

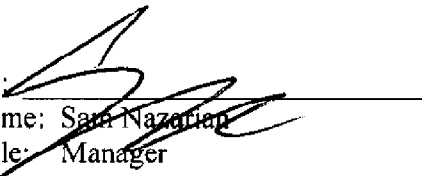
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0153**

**SRC ENTERTAINMENT, LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

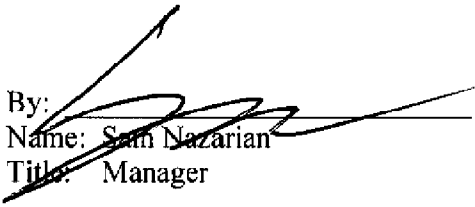
By:   
Name: Sam Nazarian  
Title: Manager

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0154**

**SBE/KATSUYA USA, LLC,**  
as a Grantor

By:   
Name: Sam Nazarian  
Title: Manager

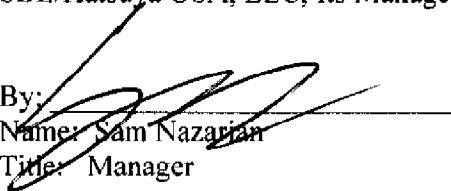
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0155**

**KATSU USA, LLC,**  
as a Grantor

By: SBE/Katsuya USA, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

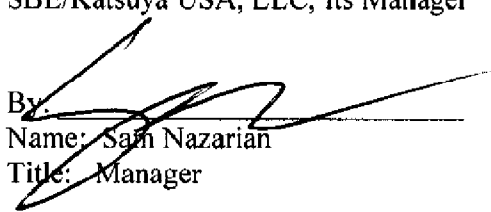
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0156**

**KATSUYA – DOWNTOWN L.A., LLC,**  
as a Grantor

By: SBE/Katsuya USA, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LAI 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0157**

**KATSUYA – H & V, LLC,**  
as a Grantor

By: SBE/Katsuya USA, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

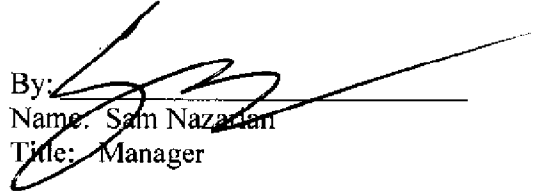
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0158**

**KATSUYA – GLENDALE, LLC,**  
as a Grantor

By: SBE/Katsuya USA, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

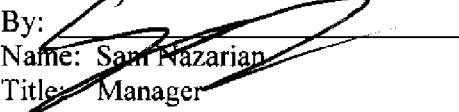
LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0159**



**KBAR H&V LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

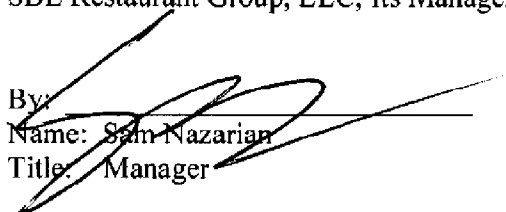
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0160**

**HYDE LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager


SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0161**

**FOXTAIL, LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

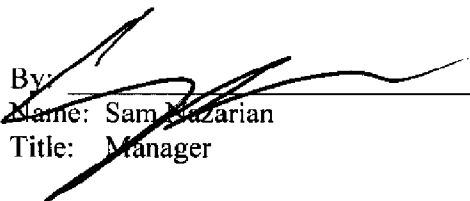
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LAI 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0162**

**YAZMEEN, LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

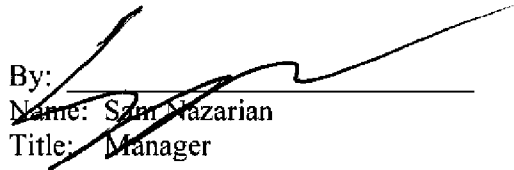
SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LAI 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0163**

**HOLLYWOOD CLUB, LLC,**  
as a Grantor

By: SBE Restaurant Group, LLC, Its Manager

By:   
Name: Sam Nazarian  
Title: Manager

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA11142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0164**

**SBE LICENSING, LLC**  
as a Grantor

By:   
Name: Sam Nazarian  
Title: Manager

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0165**

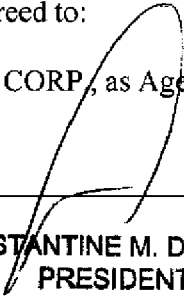
Acknowledged and Agreed to:

FORTRESS CREDIT CORP, as Agent

By: \_\_\_\_\_

Name:

Title:



**CONSTANTINE M. DAKOLIAS  
PRESIDENT**

SIGNATURE PAGE TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0166**

EXHIBIT A  
(See Section 3.3 of Security Agreement)

A. A. Legal Names and Mailing Address:

B. Properties Leased by the Grantors:

C. Properties Owned by the Grantors:

EXHIBIT A TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0167**



D. Public Warehouses or Other Locations:

## EXHIBIT B

(See Sections 3.6 and 4.10 of Security Agreement)

PATENTS, COPYRIGHTS AND TRADEMARKS  
PROTECTED UNDER FEDERAL LAW:

1. Patents: None
2. Copyrights: None.
3. Trademarks:

<b>MARK</b>	<b>APPLICANT</b>	<b>TYPE</b>	<b>SERIAL #</b>	<b>DATE</b>	<b>STATUS</b>
The Abbey Food and Bar	Abbey Restaurants and Bars USA, LLC	Standard character	77/975067	11/01/07	<b>PENDING</b>
The Abbey Food and Bar	Abbey Restaurants and Bars USA, LLC	Literal element and ornate, gothic cross	77/975066	11/01/07	<b>PENDING</b>
The Abbey Food and Bar	Abbey Restaurants and Bars USA, LLC	Standard character	77/975186	4/8/08	<b>PENDING</b>
The Abbey Food and Bar	Abbey Restaurants and Bars USA, LLC	Literal element and ornate, gothic cross	77/975188	4/15/08	<b>PENDING</b>
The Abbey Food and Bar	Abbey Restaurants and Bars USA, LLC	Standard character	77/115136	1/15/08	<b>PENDING</b>
The Abbey Food and Bar	Abbey Restaurants and Bars USA, LLC	Literal element and ornate, gothic cross	77/115201	1/15/08	<b>PENDING</b>
AREA	SBE Licensing, LLC	Words in stylized form	78901561	6/6/06	<b>PENDING</b>
THE LOBBY	SBE Licensing, LLC	Words in stylized form	78802671	11/8/07	<b>PENDING</b>
THE LOBBY SUPPER CLUB	SBE Licensing, LLC	Words in stylized form	78803097	11/8/07	<b>PENDING</b>
HYDE LOUNGE	SBE Licensing, LLC	Standard character	78809308	3/12/08	<b>PENDING</b>
"H" HYDE LOUNGE	SBE Licensing, LLC	Design plus words	78863592	5/22/07	<b>REGISTERED</b>
HYDE BEACH	SBE Licensing, LLC	Standard Character – Class 43 (Hotel, restaurant and bar services)	77/366636	1/8/08	<b>PENDING</b>
HYDE BEACH	SBE Licensing, LLC	Standard Character – Class 41 (Nightclubs)	77/366611	1/8/08	<b>PENDING</b>

EXHIBIT B TO  
PLEDGE & SECURITY AGREEMENT

LAI 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0169**

<u>MARK</u>	<u>APPLICANT</u>	<u>TYPE</u>	<u>SERIAL #</u>	<u>DATE</u>	<u>STATUS</u>
KATSUYA	SBE Licensing, LLC	Word in stylized form	78812657		<b>PENDING</b>
KATSU SYMBOL	SBE Licensing, LLC		78812627		<b>PENDING</b>
KATSUYA BY STARCK	SBE Licensing, LLC	Words in stylized form	78812669	2/10/06	<b>PENDING</b>
SBE RESTAURANT GROUP	SBE Licensing, LLC	Words in stylized form	78894209	Reg. No. 3244476	<b>REGISTERED</b>
SBE RESTAURANT AND NIGHTLIFE GROUP	SBE Licensing, LLC	Standard character (Class 41 and 43)	77306092	2/26/08	<b>PENDING</b>
FOXTAIL	SBE Licensing, LLC	Standard character (Class 41 and 43)	77238338	3/11/08	<b>PENDING</b>
FOXTALE	SBE Licensing, LLC	Standard character (Class 41 and 43)	77221375	3/11/08	<b>PENDING</b>
FOXTAIL	SBE Licensing, LLC	Design and word (Class 41 and 43)	77411187	3/3/08	<b>PENDING</b>
S BAR	SBE Licensing, LLC	Standard character (Class 43)	77254343	2/19/08	<b>PENDING</b>
S BAR (Design)	SBE Licensing, LLC	Design with words (Class 43)	77255421	2/19/08	<b>PENDING</b>
S BAR with Devil (Design)	SBE Licensing, LLC	Design with words (Class 43)	77255420	3/4/08	<b>PENDING</b>
S BAR Devil (Design)	SBE Licensing, LLC	Design (Class 43)	77255416	2/12/08	<b>PENDING</b>
XIV	SBE Licensing, LLC	Standard character	77379431	1/24/08	<b>PENDING</b>
XIV CHATEAU	SBE Licensing, LLC	Standard character	77381497	1/27/08	<b>PENDING</b>
XIV VILLE	SBE Licensing, LLC	Standard character	77381496	1/27/08	<b>PENDING</b>
XIV BOÎTE	SBE Licensing, LLC	Standard character	77382074	1/28/08	<b>PENDING</b>
XIV AUBERGE	SBE Licensing, LLC	Standard character	77381335	1/26/08	<b>PENDING</b>
XIV MANOIR	SBE Licensing, LLC	Standard character	77381332	1/26/08	<b>PENDING</b>
XIV SALON	SBE Licensing, LLC	Standard character	77379471	1/24/08	<b>PENDING</b>
XIV BISTRO	SBE Licensing, LLC	Standard character	77379457	1/24/08	<b>PENDING</b>
XIV CAFÉ	SBE Licensing, LLC	Standard character	77379420	1/24/08	<b>PENDING</b>
XIV SUPPER	SBE Licensing, LLC	Standard	77379402	1/24/08	<b>PENDING</b>

EXHIBIT B TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0170**

<u>MARK</u>	<u>APPLICANT</u>	<u>TYPE</u>	<u>SERIAL #</u>	<u>DATE</u>	<u>STATUS</u>
CLUB	LLC	character			

4. Licenses:

EXHIBIT C  
(See Section 3.9 of Security Agreement)

LIST OF PLEDGED SECURITIES

A. Stocks:

- B. Bonds:
- C. Government Securities:
- D. Other Securities or Other Investment Property (Certificated and Uncertificated):

EXHIBIT D  
(See Section 3.1 of Security Agreement)

UCC FINANCING STATEMENT FILING LOCATIONS

EXHIBIT D TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0174**

EXHIBIT E

(See Definition of "Commercial Tort Claims" and Section 4.11 of Security Agreement)

COMMERCIAL TORT CLAIMS

EXHIBIT E TO  
PLEDGE & SECURITY AGREEMENT



EXHIBIT F  
(See Section 3.8 of Security Agreement)

GRANTORS

EXHIBIT F TO  
PLEDGE & SECURITY AGREEMENT

LA1 1142476

**TRADEMARK**  
**REEL: 003772 FRAME: 0177**

ANNEX I TO PLEDGE AND SECURITY AGREEMENT

SECURITY AGREEMENT SUPPLEMENT

Reference is hereby made to the Pledge and Security Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), dated as of April 30, 2008 by and among SBE Restaurant Group, LLC, a California limited liability company (the "Borrower"), and the Collateral Subsidiaries of the Borrower which become parties to the Security Agreement from time to time, including, without limitation, those that become party thereto by executing a Security Agreement Supplement in substantially the form hereof (such Collateral Subsidiaries, including the undersigned, together with the Borrower, the "Grantors"), in favor of Fortress Credit Corp., as administrative agent (the "Agent"), for the benefit of the Lender Group under the Credit Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Security Agreement.

By its execution below, the undersigned, [NAME OF NEW GRANTOR], a [\_\_\_\_\_] [corporation] [partnership] [limited liability company] ("New Grantor"), agrees to become, and does hereby become, a Grantor under the Security Agreement and agrees to be bound by such Security Agreement as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in the Security Agreement and all of the representations and warranties in the Credit Agreement applicable to any Credit Party, which representations and warranties are incorporated herein and made a part hereof by reference, are true and correct in all respects as of the date hereof. New Grantor represents and warrants that the supplements to the Exhibits to the Security Agreement attached hereto are true and correct in all respects and such supplements set forth all information required to be scheduled under the Security Agreement. New Grantor shall take all steps necessary to perfect, in favor of the Agent, a first-priority security interest in and lien against New Grantor's Pledged Collateral, including, without limitation, to the extent required by the Security Agreement, delivering all certificated Securities to the Agent, and taking all steps necessary to properly perfect the Agent's interest in any uncertificated equity, partnership or membership interests.

IN WITNESS WHEREOF, New Grantor has executed and delivered this Annex I counterpart to the Security Agreement as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[NAME OF NEW GRANTOR]

By: \_\_\_\_\_  
Name:  
Title:

ANNEX II TO PLEDGE AND SECURITY AGREEMENT

ACKNOWLEDGMENT

Reference is hereby made to the Pledge and Security Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), dated as of April 30, 2008 by and among SBE Restaurant Group, LLC, a California limited liability company (the "Borrower"), and the Collateral Subsidiaries of the Borrower which become parties to the Security Agreement from time to time, including, without limitation, those that become party thereto by executing a Security Agreement Supplement (such Collateral Subsidiaries, including the undersigned, together with the Borrower, the "Grantors"), in favor of Fortress Credit Corp., as administrative agent (the "Agent"), for the benefit of the Lender Group under the Credit Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Security Agreement.

The undersigned hereby acknowledges receipt of a copy of the foregoing Security Agreement, agrees promptly to note on its books the security interests granted under such Security Agreement with respect to the Pledged Collateral issued by the undersigned, and waives any rights or requirement at any time hereafter to receive a copy of such Security Agreement in connection with the registration of any Pledged Collateral in the name of Agent or its nominee or the exercise of voting rights by Agent.

**[SIGNATURE BLOCKS FOR  
ACKNOWLEDGING ENTITIES]**

By: \_\_\_\_\_

Name:

Title: