

TRADEMARK ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT																								
NATURE OF CONVEYANCE:	SECURITY INTEREST																								
CONVEYING PARTY DATA																									
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CORRESPONDENCE DATA																									
<p>Fax Number: (714)427-6888</p> <p><i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i></p> <p>Phone: 714-427-6800</p> <p>Email: joshuap@amlegalgroup.com</p> <p>Correspondent Name: Assayag Mauss, APLC</p> <p>Address Line 1: 2915 Redhill Ave.,</p> <p>Address Line 2: Auite 200</p> <p>Address Line 4: Costa Mesa, CALIFORNIA 92626</p>																									
NAME OF SUBMITTER:	Joshua Partington																								

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TRADEMARK
 REEL: 004619 FRAME: 0558

Signature:	/joshua partington/
Date:	09/08/2011
<p>Total Attachments: 39</p> <p>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=Security Agreement#page1.tif source=Security Agreement#page2.tif source=Security Agreement#page3.tif source=Security Agreement#page4.tif source=Security Agreement#page5.tif source=Security Agreement#page6.tif source=Security Agreement#page7.tif source=Security Agreement#page8.tif source=Security Agreement#page9.tif source=Security Agreement#page10.tif source=Security Agreement#page11.tif source=Security Agreement#page12.tif source=Security Agreement#page13.tif source=Security Agreement#page14.tif source=Security Agreement#page15.tif source=Security Agreement#page16.tif source=Security Agreement#page17.tif source=Security Agreement#page18.tif source=Security Agreement#page19.tif source=Security Agreement#page20.tif source=Security Agreement#page21.tif source=Security Agreement#page22.tif source=Security Agreement#page23.tif source=Security Agreement#page24.tif source=Security Agreement#page25.tif</p>	

TRADEMARK SECURITY AGREEMENT AND LICENSE

This TRADEMARK SECURITY AGREEMENT AND LICENSE (hereinafter referred to as the "Agreement") is made as of January 31, 2008 by STAR BUFFET, INC., STAR BUFFET MANAGEMENT, INC., SUMMIT FAMILY RESTAURANTS, INC., HTB RESTAURANTS, INC. and NORTHSTAR BUFFET, INC., each a Delaware corporation (each individually, a "Borrower", and collectively, the "Borrowers") and their Subsidiaries from time to time party hereto (together with the Borrowers, each an "Obligor", and collectively, the "Obligors"), in favor of WELLS FARGO BANK, N.A., a national banking association, in its capacity as Administrative Agent (the "Administrative Agent") for the benefit of the Secured Parties (as defined in the Credit Agreement hereinafter referred to).

WITNESSETH:

WHEREAS, the Borrowers, the Administrative Agent and the Lenders are parties to a Credit Agreement, dated as of even date herewith (as the same may be amended, modified, supplemented, extended or restated from time to time, the "Credit Agreement");

WHEREAS, the Obligors have entered into a Security Agreement, of even date herewith, with the Administrative Agent (as the same may be amended, modified, supplemented, or restated from time to time, the "Security Agreement"), pursuant to which each Obligor has granted to the Administrative Agent for the benefit of the Administrative Agent and the Secured Parties, a security interest in certain TM Collateral (as hereafter defined) of such Obligor and has agreed to execute and cause to be filed further documents required to be recorded or filed, in order to perfect and maintain the security interests granted under the Security Agreement;

WHEREAS, in order to induce the Administrative Agent to enter into the Credit Agreement, each Obligor has also agreed to grant a security interest in and collaterally assign the TM Collateral to secure the Borrower's obligations under the Loan Documents, including, without limitation, its obligations under the Notes issued by the Borrowers pursuant to the Credit Agreement and to place in the public record of the Patent and Trademark Office (as defined below) notice of the security interest granted hereunder; and

WHEREAS, each Obligor wishes to grant the Administrative Agent for the benefit of the Secured Parties, a non-exclusive license in and to all of its Trademarks, including, without limitation, all unregistered Trademarks of such Obligor; provided, however, that, unless an Event of Default has occurred and is continuing, the foregoing license shall not be exercised and shall be effective only to the extent necessary to perfect the Administrative Agent's security interest in the TM Collateral under applicable law.

NOW THEREFORE, for good and valuable consideration, and to secure the payment and performance of all the Secured Obligations (as defined below), the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings prescribed therefor in the Credit Agreement. The following additional terms, as used herein, shall have the following respective meanings:

"Business Judgment Exception" shall have the meaning set forth in Section 4 below.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever (including without limitation, any exclusive license, shop right or covenant by an Obligor not to sue third Persons).

"Patent and Trademark Office" means the United States Patent and Trademark Office.

"Permitted Lien" means any Lien that is a Permitted Encumbrance under the Credit Agreement.

"Secured Obligations" means all Obligations of each Obligor under or in respect of the Credit Agreement and all other Loan Documents, including the prompt payment or performance in full when due, 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 Bankruptcy Code, 11 U.S.C. 362(a)), of all obligations and liabilities of every nature of each Obligor now or hereafter existing under or arising out of or in connection with the Credit Agreement and all other Loan Documents and all extensions or renewals thereof, whether for principal, interest (including without limitation interest that, but for the filing of a petition in bankruptcy with respect to each Obligor, would accrue on such obligations), fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from any Secured Party or the Lender as a preference, fraudulent transfer or otherwise (all such obligations and liabilities being the "Underlying Debt"), and all obligations of every nature of each Obligor now or hereafter existing under this Agreement.

"Trademark License" means any agreement, whether written or oral, providing for the grant by any Obligor to any Person or Persons of any right to use any Trademark, including, without limitation, the Trademarks described in Schedule I hereto.

"Trademarks" means all of the following to the extent owned by any Obligor:

all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any

other country or any political subdivision thereof, including, without limitation, those described Schedule I hereto, and all reissues, extensions or renewals thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each trademark, trade name, corporate name, company name, business name, fictitious business name, trade style, service mark, logo, or other source or business identifier, now existing or hereafter adopted or acquired.

Section 2. Grant of Security Interest. In furtherance and as confirmation of the security interests granted by the Obligors under the Security Agreement and in order to secure the prompt and complete payment and performance of all the Secured Obligations, together with any and all expenses which may be incurred by the Administrative Agent or the Secured Parties in collecting any or all of such Secured Obligations or enforcing any rights, obligations or liabilities under this Agreement, each Obligor hereby grants a security interest to the Administrative Agent, for the benefit of the Secured Parties, in (including, without limitation, a collateral assignment and pledge of) all of such Obligor's respective present and future right, title and interest in and to the following whether presently existing or hereafter arising or acquired (collectively, the "TM Collateral"):

(a) all registered or unregistered Trademarks of such Obligor and, where applicable, the federal and state registrations thereof, including, without limitation, the federal and state registrations listed on Schedule I attached hereto (the "Registered Trademarks");

(b) such Obligor's rights under any licenses that such Obligor has granted, or will in the future grant, to any Person or Persons with respect to the Trademarks (the "Trademark Licenses");

(c) all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark License;

(d) all products and proceeds of each Trademark and Trademark License, including, without limitation, any claim by such Obligor against third parties for past, present or future infringement or dilution of any Trademark, including, without limitation, the Registered Trademarks, and any Trademark licensed under any Trademark License, or for injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License;

(e) all causes of action, claims and warranties now or hereafter owned or acquired by such Obligor in respect of any of the items listed above; and

(f) all proceeds of any of the items described in clauses (a) through (e).

Notwithstanding the Security Agreement, the collateral assignment and the pledge to the Administrative Agent, each Obligor may continue to own, use and license its respective TM Collateral. Furthermore, notwithstanding anything in this Agreement, the "TM Collateral" described in this Agreement shall not include any Trademark Licenses to the extent that the granting of a security interest therein would constitute a breach thereof or is prohibited thereby

and such prohibition is not ineffective under Sections 9-406, 9-407, 9-408 or 9-409 of Article 9 of the Uniform Commercial Code, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law (including the U.S. Bankruptcy Code) or principles of equity; provided that (x) all accounts and payment intangibles arising under such Trademark Licenses contracts shall be included in the TM Collateral and (y) the TM Collateral shall include all payments and other property received or receivable in connection with any sale or other disposition of such Trademark Licenses; provided further that the foregoing exclusions shall not apply if such prohibition has been waived or such other Person has otherwise consented to the creation hereunder of a security interest in such Trademark Licenses; and provided further that immediately upon the ineffectiveness, lapse or termination of any such prohibition, the Administrative Agent shall be deemed to have granted a security interest in all its rights, title and interests in and to Trademark Licenses, as if such prohibition had never been in effect.

Section 3. Representations and Warranties. As an inducement to the Administrative Agent to enter into this Agreement, each Obligor makes the following representations and warranties:

(a) Schedule I sets forth a complete and correct list of all Trademarks and Trademark Licenses in which such Obligor has any right, title or interest; said Trademarks are valid, subsisting, unexpired and in full force and effect, have not been adjudged invalid or unenforceable, in whole or in part, and have not been abandoned; no holding, decision or judgment has been rendered by any governmental authorities which would be likely to limit, cancel or question the validity of any Trademark.

(b) Such Obligor is the sole beneficial owner of the Registered Trademarks, and is the owner of or duly licensed to use or license any of the Trademarks, and, except for Permitted Liens, no Lien exists or will exist upon any Trademark or Registered Trademark at any time except for the collateral assignment thereof in favor of the Administrative Agent provided for herein, which collateral assignment and security interest constitutes a first priority perfected security interest in all of the Trademarks or Registered Trademarks.

(c) Except pursuant to Trademark Licenses entered into by such Obligor in the ordinary course of business, such Obligor owns and possesses the exclusive right to use, and has done nothing to authorize or enable any other Person to use, the Trademarks, including the Registered Trademarks listed on Schedule I.

(d) Except as otherwise disclosed in Schedule 5.17 to the Credit Agreement, (i) to such Obligor's knowledge there is no infringement by others of any right of such Obligor with respect to any Trademark that would have a material adverse effect on the condition, assets, business, or operations of the Borrowers and their subsidiaries taken as a whole ("Material Adverse Effect"), (ii) to such Obligor's knowledge such Obligor is not infringing in any respect upon any trademark, service mark or other brand source indicia of any other Person, and (iii) no proceedings have been instituted or are pending against such Obligor or, to such Obligor's knowledge, threatened, alleging any such violation, which proceedings could have a Material Adverse Effect.

(e) All applications pertaining to the Trademarks have been duly and properly filed, and all registrations or letters pertaining to such Trademarks have been properly filed and issued.

Section 4. Defense of TM Collateral, Etc. Such Obligor agrees that it will at its expense forever warrant and, at the Administrative Agent's reasonable request, defend the TM Collateral from any and all claims and demands of any other Person; provided, however, nothing herein shall prevent such Obligor in the exercise of its reasonable business judgment, after consultation with the Administrative Agent, from determining that it is in the best interest of such Obligor to abandon any item of TM Collateral or to refrain from defending any item of TM Collateral against such claims or demands (the foregoing being sometimes referred to herein as the "Business Judgment Exception"). Each Obligor hereby agrees to pay, indemnify, and hold the Administrative Agent harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses of disbursements or any kind or nature whatsoever with respect to the TM Collateral, including, without limitation, claims of trademark infringement.

Section 5. Continued Use of Trademarks, Etc.

(a) During the term of this Agreement, each Obligor shall (i) employ consistent standards of quality in its manufacture of products and delivery of services sold or provided under the Trademarks (and shall do any and all acts required by the Administrative Agent to ensure such Obligor's compliance with such standards), (ii) employ the appropriate notice of such Trademarks in connection with its use of such Trademarks, (iii) subject, in each case, to the Business Judgment Exception, use each Trademark in such a manner as to maintain such Trademark in full force and effect free from any claim or abandonment for non-use and (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent shall obtain a perfected security interest in such mark pursuant to this Agreement. Each Obligor hereby grants to the Administrative Agent and its employees and agents the right to visit such Obligor's facilities which manufacture, inspect or store products or which provide services sold under any of the Trademarks, and to inspect the products or monitor the services and quality control records relating thereto upon reasonable notice and at reasonable times during regular business hours. Each Obligor confirms its commitment to take any and all actions reasonable required by the Administrative Agent to ensure the maintenance of quality standards for such products and services.

(b) Subject to the Business Judgment Exception, each Obligor agrees as follows: (i) such Obligor shall maintain the registration of the Registered Trademarks listed on Schedule I hereto in full force and effect by taking any action which it believes necessary, through attorneys of its choice reasonably acceptable to the Administrative Agent, all at Obligor's expense and (ii) in the event that any Trademark is infringed by a third party or if such infringement gives rise to litigation or to the filing of a claim or notice of opposition with the Trademark Office, such Obligor shall promptly notify the Administrative Agent and shall take such actions as may be required to terminate such infringement. All damages recovered from the infringing party shall be deemed to be part of the TM Collateral.

(c) Each Obligor shall promptly notify the Administrative Agent if it knows, or has reason to know, that any application or registration relating to any Trademark may become abandoned or of any adverse determination or development of any foreign or domestic governmental agency, court or body regarding such Obligor's ownership of any Trademark or its right to register the same or to keep and maintain the same.

Section 6. No Assignments, Etc. No Obligor shall, except as otherwise permitted by the Credit Agreement, grant, create or permit to exist any Lien upon the TM Collateral in favor of any other Person, or assign this Agreement or any rights in the TM Collateral or the material protected thereby without, in either case, the prior written approval of the Administrative Agent and such attempted Lien or assignment shall be void ab initio.

Section 7. Continuing Liability. Each Obligor hereby expressly agrees that, anything herein to the contrary notwithstanding, it shall remain liable under every Trademark License, interest or obligation with respect to which the Administrative Agent has been granted a security interest pursuant to Section 2 hereof to observe and perform all the conditions and obligations to be observed and performed by such Obligor thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Administrative Agent shall not have any obligation or liability under any such Trademark License, interest or obligation by reason of or arising out of this Agreement or the conditional assignment thereof, or the grant of a security interest therein, to the Administrative Agent or the receipt by the Administrative Agent of any payment relating to any such Trademark License, interest or obligation pursuant hereto, nor shall the Administrative Agent be required or obligated in any manner to perform or fulfill any of the obligations of such Obligor thereunder or pursuant thereto, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such Trademark License, interest or obligation, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

Section 8. New Trademarks. If, before the Obligations shall have been paid in full and the Commitments of all of the Secured Parties terminated, any Obligor, either by itself or through an agent, employee, licensee or designee, shall develop or obtain rights to any new Trademarks, such Obligor shall give to the Administrative Agent prompt written notice thereof, and shall, where such Trademarks are subject to federal registration, promptly execute and deliver, and file with the Patent and Trademark Office, an IP Security Agreement Supplement amending Schedule I hereto to include such new Trademark thereon. Notwithstanding the foregoing, each Obligor hereby irrevocably appoints the Administrative Agent its true and lawful attorney (such appointment coupled with an interest), with full power of substitution, to execute an amendment of this Agreement on behalf of such Obligor amending Schedule I hereto to include such new Trademark.

Section 9. Retention of Rights. Unless and until an Event of Default shall have occurred and be continuing and the Administrative Agent shall have exercised its remedies hereunder, each Obligor shall retain the legal and equitable title to its respective TM Collateral and shall have full right to use such TM Collateral in the ordinary course of its business, all in accordance with the terms of this Agreement and all other Loan Documents.

Section 10. Remedies.

(a) If an Event of Default under the Credit Agreement has occurred and is continuing the Administrative Agent may exercise, in addition to all other rights and remedies granted to it in this Agreement and any other Loan Document, all rights and remedies of a secured party under the Uniform Commercial Code. Without limiting the generality of the foregoing, each Obligor expressly agrees that in any such event the Administrative Agent, without demand of performance or other demand, advertisement or notice of any kind (except to such extent as notice may be required by applicable law with respect to the time or place of any public or private sale and except as otherwise provided in the Loan Documents) to or upon such Obligor or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the TM Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said TM Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the TM Collateral so sold, free of any right or equity of redemption in such Obligor, which right or equity is hereby expressly waived and released. To the extent permitted by applicable law, each Obligor waives all claims, damages and demands against the Administrative Agent arising out of the repossession, retention or sale of the TM Collateral.

(b) Without limiting the generality of the foregoing, if any Event of Default has occurred and is continuing:

(i) the Administrative Agent shall have the right to license, or sublicense, whether on an exclusive or non-exclusive basis, any Trademark included in the TM Collateral throughout the world for such term or terms, on such conditions and in such manner as the Administrative Agent shall in its sole discretion determine, the proceeds of such license or sublicense to be applied to the payment of the Secured Obligations;

(ii) the Administrative Agent shall have the right to (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of each Obligor in, to and under any Trademark Licenses and take or refrain from taking any action under any thereof; and each Obligor hereby releases the Administrative Agent from, and agrees to hold the Administrative Agent free and harmless from and against, any claims arising out of any lawful action so taken or omitted to be taken with respect thereto; and

(iii) upon request by the Administrative Agent, each Obligor will promptly execute and deliver to the Administrative Agent a power of attorney, in

addition to and supplemental to that set forth in Section 12 below, in form and substance satisfactory to the Administrative Agent, for the implementation of any lease, assignment, license, sublicense, a grant of option, sale or other disposition of a Trademark, provided, however, that in the event of any disposition pursuant to this Section 10 such Obligor shall supply its customer lists and other records relating to such Trademarks and to the distribution of said products and sale of such services, to the Administrative Agent.

Section 11. Grant of License to Use TM Collateral. For the purposes (a) of perfecting the Administrative Agent's security interest in the TM Collateral and (b) of enabling the Administrative Agent to exercise its rights and remedies under Section 10 hereof or under any other Loan Document, each Obligor hereby grants to the Administrative Agent, for the benefit of the Secured Parties, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Obligor), to use, assign, license or sublicense any of the TM Collateral, whether now owned or hereafter acquired by such Obligor, and wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof, provided, however, that, unless an Event of Default has occurred and is continuing, the foregoing license shall not be exercised and shall be effective only to the extent necessary to perfect the Administrative Agent's security interest in the TM Collateral under applicable law. The Administrative Agent shall have no duty as to the protection of TM Collateral or any income thereon, nor as to the preservation or rights against prior parties, nor as to the preservation of any rights pertaining thereto. The Administrative Agent may exercise its rights with respect to any portion of the TM Collateral without resorting or regard to other TM Collateral or sources of reimbursement for liability.

Section 12. Power of Attorney. Each Obligor hereby irrevocably appoints the Administrative Agent as its true and lawful attorney (such appointment coupled with an interest), with full power of substitution, in the name of such Obligor, the Administrative Agent, or otherwise, for the sole use and benefit of the Administrative Agent, but at such Obligor's expense, to exercise (to the extent permitted by law), at any time and from time to time while an Event of Default has occurred and is continuing, all or any of the following powers with respect to all or any of the TM Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof, as fully and effectually as if the Administrative Agent were the absolute owner thereof;

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

provided, however, that the Administrative Agent shall have no duty as to the protection of the TM Collateral or any income thereon, nor as to the preservation or rights against prior parties, nor as to the preservation of any rights pertaining thereto.

Section 13. Further Assurances. Each Obligor will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement, notice or other paper and take any other action that the Administrative Agent may from time to time determine to be reasonably necessary or reasonably desirable in order to create, preserve, upgrade in rank (to the extent required hereby), perfect, confirm or validate the TM Collateral or to enable the Administrative Agent to obtain the full benefits of this Agreement, or to enable the Administrative Agent to exercise and enforce any of its rights, powers and remedies hereunder with respect to any of the TM Collateral. At the request of the Administrative Agent, each Obligor will obtain the consent of any Person to effect the pledge hereunder of any right, title, claims and benefits now owned or hereafter acquired by such Obligor in and to any TM Collateral. To the extent permitted by law, such Obligor hereby authorizes the Administrative Agent to execute, file and record notices, financing statements or continuation statements without such Obligor's signature appearing thereon. Each Obligor agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement is sufficient as a notice or financing statement. Each Obligor shall pay the costs of, or incidental to, any recording or filing of any notice or financing or continuation statements concerning the TM Collateral.

Section 14. Notices. All notices under this Agreement shall be in writing, and shall be given and shall be effective in accordance with the Credit Agreement.

Section 15. Severability. 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.

Section 16. No Waiver; Cumulative Remedies. The Administrative Agent shall not, by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by the Administrative Agent, and then only to the extent therein set forth. A waiver by the Administrative Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent would otherwise have had on any other occasion. No failure to exercise nor any delay in exercising on the part of the Administrative Agent any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

Section 17. Waivers; Amendments. None of the terms and provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing executed by the parties hereto.

Section 18. Limitation by Law. All rights, remedies and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions hereof are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and shall inure to the benefit of the Administrative Agent and its successors and assigns, and nothing herein or in the Credit Agreement or any other Loan Document is intended or shall be construed to give any other Person any right, remedy or claim under, to or in respect of this Agreement, the Credit Agreement or any other Loan Document.

Section 20. Governing Law; Consent to Jurisdiction, Etc.

(a) THIS AGREEMENT IS A CONTRACT UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW).

(b) Each Obligor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of 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 or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final, non-appealed judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that any Obligor, the Administrative Agent or any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any other party hereto or their properties in the courts of any jurisdiction.

(c) Each Obligor 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 or any other Loan Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto 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) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.1 of the Credit Agreement. Nothing in this

Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.


Section 21. Waiver of Jury Trial. EACH OBLIGOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER, THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY. EXCEPT AS PROHIBITED BY LAW, EACH OBLIGOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH OBLIGOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE ADMINISTRATIVE AGENT OR THE OTHER SECURED PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE ADMINISTRATIVE AGENT OR THE OTHER SECURED PARTIES WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT THE ADMINISTRATIVE AGENT AND THE OTHER SECURED PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BECAUSE OF, AMONG OTHER THINGS, EACH OBLIGORS' WAIVER AND CERTIFICATIONS CONTAINED HEREIN.

[Signature Page Follows]


IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement and License to be executed and delivered by their duly authorized officers as of the date first set forth above.

BORROWERS:


STAR BUFFET, INC.

By: 
Name: Roy Dwyer
Title: Secretary and Treasurer


STAR BUFFET MANAGEMENT, INC.

By: 
Name: Roy Dwyer
Title: Secretary and Treasurer


SUMMIT FAMILY RESTAURANTS INC.

By: 
Name: Roy Dwyer
Title: Secretary and Treasurer

HTB RESTAURANTS, INC.

By: 
Name: Roy Dwyer
Title: Secretary and Treasurer

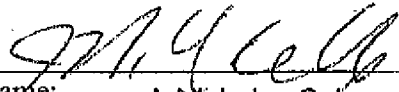
NORTHSTAR BUFFET, INC.

By: 
Name: Roy Dwyer
Title: Secretary and Treasurer

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT AND LICENSE]

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, N.A.

By: 
Name: J. Nicholas Cole
Title: Managing Director

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT AND LICENSE]

SCHEDULE I

TRADEMARKS

- A. **TRADEMARKS** (including registered and material unregistered trademarks, trade names and service marks, and all applications for any of the foregoing.)
1. No. 72459973 (Casa Bonita)
 2. Nos. 74101526 and 73769779 (Buddy Freddy's)
 3. Nos. 78547310 and 78355399 (Whistle Junction)
 4. No. 74722446 (Holiday House) (not currently active with the United States Patent and Trademark Office)

B. **TRADEMARK LICENSES**

1. License Agreement, dated as of September 22, 1997, by and between Carl Karcher Enterprises, Inc. and Star Buffet, Inc.
2. License Agreement, dated as of February 4, 2006, by and between K-Bob's USA, Inc., and Summit Family Restaurants, Inc.
3. License Agreement, dated as of October 10, 2006, by and between Western Sizzlin Corporation and Star Buffet Management, Inc.
4. License Agreement, dated as of April 4, 2003, by and between JB's Family Restaurants, Inc., and Summit Family Restaurants, Inc.
5. License Agreement, dated as of October 15, 2007, by and between 4B's Restaurants, Inc., and Star Buffet, Inc.
6. Trademark License Agreement, dated as of the date hereof, pursuant to which Barnhill's Buffet, Inc., licensed to Star Buffet Management, Inc., its rights to the following marks: No. 3,243,193 (Easily Better); No. 3,203,859 (Chicken logo); No. 3,208,292 (Barnhill's logo); No. 3,116,976 (Unlimited Selections. One Low Price.); No. 2,734,399 (Barnhill's logo); No. 2,715,685 (Barnhill's logo), No. 2,715,683 (Barnhill's logo); and No. 2,715,686 (Barnhill's logo)
7. License Agreement, dated as of September 30, 1997, by and between CKE Restaurants, Inc. and Star Buffet, Inc. regarding "JJ North's"

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement") is made as of the 31st day of January, 2008, by STAR BUFFET, INC., STAR BUFFET MANAGEMENT, INC., SUMMIT FAMILY RESTAURANTS, INC., HTB RESTAURANTS, INC. and NORTHSTAR BUFFET, INC., each a Delaware corporation (each individually, a "Borrower", and collectively, the "Borrowers"), and their respective Subsidiaries from time to time party hereto (together with the Borrowers, each an "Obligor", and collectively, the "Obligors"), in favor of WELLS FARGO BANK N.A., a national banking association ("Wells Fargo"), in its capacity as Administrative Agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Credit Agreement referred to below).

WITNESSETH:

WHEREAS, the Borrowers have requested the Administrative Agent and the Secured Parties to enter into a certain Credit Agreement, dated as of even date herewith (as the same may be amended, modified, supplemented, restated or extended from time to time, the "Credit Agreement");

WHEREAS, it is a condition precedent to the Administrative Agent and the Secured Parties entering into the Credit Agreement and making extensions of credit thereunder that each Obligor execute and deliver this Agreement and grant the security interests herein provided;

NOW, THEREFORE, in order to induce the Administrative Agent and the Secured Parties to enter into the Credit Agreement and to make or extend to the Borrowers one or more loans, advances or other extensions of credit and issue Letters of Credit upon the terms and subject to the conditions set forth therein, and in consideration thereof, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each Obligor agrees as follows:

Section 1. Definitions. The following capitalized terms used herein or in any certificate, report or other document delivered pursuant hereto shall have the meanings assigned to them below. Unless otherwise defined herein, the terms defined in the Credit Agreement are used herein, and in any certificate, report or other document delivered pursuant hereto, as defined in the Credit Agreement. Except as otherwise defined herein or in the Credit Agreement, terms defined in the Uniform Commercial Code and used herein shall have the meanings set forth therein; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the Uniform Commercial Code rather than Article 3 of the Uniform Commercial Code.

Accounts. All rights of each Obligor to payment of a monetary obligation (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a secondary obligation incurred or to be incurred, or (iv) arising out of the use of a credit or charge card or information contained on or for use with the card, and all sums of money and other Proceeds due or becoming due thereon, all notes, bills, drafts, acceptances, instruments, documents and other debts, obligations and liabilities, in whatever form, owing to such Obligor with respect thereto, all guarantees and security therefor, and each Obligor's rights pertaining to and interest in such property, including the right of

stoppage in transit, replevin or reclamation; all chattel paper; all amounts due from Affiliates of each Obligor; all other rights and claims to the payment of money, under contracts or otherwise; and all other property constituting "accounts" as such term is defined in the Uniform Commercial Code.

Collateral. All property belonging to each Obligor or in which such Obligor has any rights, of every kind and description, tangible and intangible, whether now owned or existing or hereafter arising or acquired; including, without limitation, all Accounts, Equipment, General Intangibles, Inventory and Investment Property, together with all goods, instruments (including promissory notes), documents of title, policies and certificates of insurance, commercial tort claims, chattel paper (whether tangible or electronic), deposit accounts, letter of credit rights (whether or not the letter of credit is evidenced by a writing), and other property owned by each Obligor or in which such Obligor has an interest; and including, without limitation, any cash that is now or may hereafter be in the possession, custody or control of the Administrative Agent or the Secured Parties or their participants or assigns for any purpose; any and all additions, substitutions, replacements and accessions to the foregoing and all supporting obligations relating to the foregoing; and all Proceeds and products of any of the foregoing.

Encumbrance. Any mortgage, pledge, security interest, lien or other charge or encumbrance of any kind or nature (including, without limitation, the lien or retained security title of a conditional vendor) upon or with respect to any property.

Equipment. All machinery, equipment and fixtures, furniture, furnishings, trade fixtures, specialty tools and parts, motor vehicles and materials handling equipment of each Obligor, together with each Obligor's interest in, and right to, any and all manuals, computer programs, data bases and other materials relating to the use, operation or structure of any of the foregoing; and all other property constituting "equipment" as such term is defined in the Uniform Commercial Code.

General Intangibles. All rights with respect to trademarks, service marks, trade names, trade styles, patents, copyrights, mask works, trade-secrets information, all intellectual property listed on Exhibit B hereto, other proprietary rights and rights to prevent others from doing acts that constitute unfair competition with any Obligor or misappropriation of its property, including without limitation any sums (net of expenses) that such Obligor may receive arising out of any claim for infringement of its rights in any of the foregoing, and all rights of each Obligor under contracts to enjoy performance by others or to be entitled to enjoy rights granted by others, including without limitation any licenses; all payment intangibles; all obligations and indebtedness of any kind (other than Accounts) owing to each Obligor from whatever source arising; all contract rights; all rights of each Obligor as a bailor; all tax refunds; all right, title and interest of each Obligor in and to all software, documents, books, records, files and other information (on whatever medium recorded, and including without limitation computer programs, tapes, discs, punch cards, data processing software and related property and rights) maintained by each Obligor that reflect the conduct of such Obligor's business, such as financial records, marketing and sales records, research and development records, and design, engineering and manufacturing records; all rights under service bureau service contracts; all computer data

and the concepts and ideas on which said data is based; all developmental ideas and concepts, papers, plans, schematics, drawings, blueprints, sketches and documents; all data bases; all customer lists; and all other property constituting "general intangibles" as such term is defined in the Uniform Commercial Code.

Inventory. All goods, merchandise and other personal property (including warehouse receipts and other negotiable and non-negotiable documents of title covering any such property) of each Obligor that are held for sale, lease or other disposition or to be furnished under contracts of service (or that are so furnished), or for display or demonstration, or leased or consigned, or that are raw materials, piece goods, work-in-process, finished goods or supplies or other materials used or consumed or to be used or consumed in such Obligor's business, whether in transit or in the possession of such Obligor or another, including without limitation all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and goods located on the premises of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other third parties; all proprietary rights, patents, plans, drawings, diagrams, schematics, assembly and display materials relating to any of the foregoing; and all other property constituting "inventory" as such term is defined in the Uniform Commercial Code.

Investment Property. All of the securities (whether certificated or uncertificated) of each Obligor, including without limitation all stocks, bonds, Treasury bills, certificates of deposit, mutual or money market fund shares, security entitlements, securities accounts, commodity contracts and commodity accounts; and all sums due or to become due on any of the foregoing, and all securities, instruments or other property purchased or acquired as a result of the investment and reinvestment thereof as hereinafter provided, and all other property constituting "investment property" as such term is defined in the Uniform Commercial Code.

Perfection Certificate. A certificate signed by a Responsible Officer of each Obligor in the form attached hereto as Exhibit A.

Proceeds. All proceeds of and all other profits, rentals and receipts, in whatever form, received or arising from any Collateral, including: whatever is received or acquired upon the sale, lease, exchange, assignment, licensing or other disposition of any Collateral; whatever is received, collected on or distributed on account of any Collateral; all rights arising out of any Collateral; all claims arising out of the loss, nonconformity, interference with the use of, defects or infringement of rights in, or damage to or destruction of, any Collateral; any insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to or destruction of, any Collateral; any unearned premiums with respect to policies of insurance in respect of any Collateral; any condemnation or requisition payments with respect to any Collateral; and all other property constituting "proceeds" as such term is defined in the Uniform Commercial Code; in each case whether now existing or hereafter arising.

Security Interests. The security interests and liens granted pursuant to Section 2 hereof, as well as all other security interests created or assigned as additional security for the Obligations pursuant to this Agreement.

Uniform Commercial Code. The Uniform Commercial Code as in effect in the State of New York from time to time, provided, that if by reason of mandatory provisions of law, perfection, or the effect of perfection or nonperfection, of the Security Interests in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection, as the case may be.

Section 2. Grant.

(a) To secure the full and punctual payment and performance of the Obligations, each Obligor hereby assigns and pledges to the Administrative Agent for the benefit of the Secured Parties all of its respective rights, title and interest in, and grants to the Administrative Agent for the benefit of the Secured Parties a continuing security interest in, the Collateral of such Obligor. The Security Interests are granted as security only and shall not subject the Administrative Agent or any Secured Party to, or transfer to the Administrative Agent or any Secured Party or in any way affect or modify, any obligation or liability of any Obligor with respect to any of the Collateral or any transaction in connection therewith.

(b) Contemporaneously with the execution of this Agreement, and from time to time thereafter, each Obligor (i) shall deliver to the Administrative Agent such assignments, intellectual property mortgages and assignments, instruments and notices and assignments under the Assignment of Claims Act of 1940, as amended, as may be deemed reasonably necessary or desirable by the Administrative Agent to perfect its Security Interest in the Collateral, and (ii) authorizes the Administrative Agent to file such Uniform Commercial Code financing statements and amendments as may be deemed reasonably necessary or desirable by the Administrative Agent to perfect its Security Interest in the Collateral, which financing statements may identify the collateral as being all assets of the Obligor (or words of similar effect) or of equal or lesser scope or with lesser or greater detail and may be filed by the Administrative Agent at any time in any jurisdiction and may be signed by the Administrative Agent on behalf of such Obligor.

Section 3. Representations, Warranties and Covenants. The Obligors hereby, jointly and severally, make the following representations and warranties, and agree to the following covenants, each of which representations, warranties and covenants shall be continuing and in force so long as this Agreement is in effect:

3.1 Name; Location; Changes.

(a) The name of each Obligor set forth in Section 1(a) of its Perfection Certificate is the true and correct legal name of such Obligor, and except as otherwise disclosed to the Administrative Agent in the Perfection Certificate, such Obligor has not done business as or used any other name.

(b) The type and state of organization of each Obligor set forth in Sections 1(c) and 1(d) of its Perfection Certificate is the true and correct type and state of organization of such Obligor and the organizational identification number set forth in Section 1(e) of its Perfection Certificate is the true and correct organizational identification number issued to such Obligor by its state of organization (or if such state did not issue such Obligor an organizational identification number such Obligor has so indicated in Section 1(e) of its Perfection Certificate) and such Obligor is duly organized and in good standing in such state on the date hereof.

(c) The address of each Obligor set forth in Section 2(a) of its Perfection Certificate is such Obligor's chief executive office and the place where its business records are kept. Except as disclosed on the Perfection Certificate, all tangible Collateral of such Obligor other than Investment Property is located at such chief executive office, and except as disclosed on said Perfection Certificate, such Collateral has remained located at its current location for the four consecutive months immediately prior to the date hereof.

(d) Except as permitted by the Credit Agreement, no Obligor will change its name, identity or organizational structure, nature or jurisdiction of organization, or chief executive office or place where its business records are kept, or move any tangible Collateral (other than Investment Property) to a location other than those set forth in its Perfection Certificate, or merge into or consolidate with any other entity, unless such Obligor shall have given the Administrative Agent at least 30 days' prior written notice thereof and such Obligor shall have delivered to the Administrative Agent such new documents as may be necessary or reasonably required by the Administrative Agent to ensure the continued perfection and priority of the Security Interests.

(e) Each Obligor has delivered a Perfection Certificate to the Administrative Agent on the date hereof. All information set forth in each Perfection Certificate is true and correct in all material respects. Each Obligor agrees to supplement its Perfection Certificate promptly after obtaining information which would require a correction or addition thereto.

3.2 Ownership of Collateral; Absence of Liens and Restrictions. Each Obligor is, and in the case of property acquired after the date hereof, will be, the sole legal and equitable owner of the Collateral of such Obligor, holding good and marketable title to the same free and clear of all Encumbrances except for the Security Interests and Permitted Encumbrances, and has good right and legal authority to assign, deliver, and create a security interest in such Collateral in the manner herein contemplated. The Collateral is genuine and is what it is purported to be. The Collateral is not subject to any restriction that would prohibit or restrict the assignment, delivery or creation of the security interests contemplated hereunder.

3.3 First Priority Security Interest. This Agreement creates a valid and continuing lien on and security interest in the Collateral, and upon the filing of Uniform Commercial Code financing statements in the appropriate filing offices of each Obligor's state of

organization and where Collateral consisting of fixtures is located, in each case as identified in such Obligor's Perfection Certificate, the Security Interests will be perfected (except to the extent a security interest may not be perfected by filing under the Uniform Commercial Code) prior to all other Encumbrances (other than the Permitted Encumbrances), and are enforceable as such against creditors of each of the Obligors, any owner of the real property where any of the Collateral is located, any purchaser of such real property and any present or future creditor obtaining a lien on such real property. The Administrative Agent acknowledges that the attachment of its security interest in any commercial tort claim of any Obligor as original collateral is subject to such Obligor's compliance with Section 5(f) hereof.

3.4 No Conflicts. Neither any Obligor nor any of their respective predecessors has performed any acts or is bound by any agreements which might prevent the Administrative Agent or the Secured Parties from enforcing the Security Interests or any of the terms of this Agreement or which would limit the Administrative Agent or the Secured Parties in any such enforcement. Except (i) as specifically disclosed in a Perfection Certificate, (ii) with respect to Permitted Encumbrances and (iii) with respect to which the Secured Party has authorized the filing of a termination statement, in writing, on or before the date hereof, no financing statement under the Uniform Commercial Code of any state or other instrument evidencing a lien that names any Obligor as debtor is on file in any jurisdiction and no Obligor has signed any such document or any agreement authorizing the filing of any such financing statement or instrument.

3.5 Sales and Further Encumbrances. No Obligor will sell, grant, assign or transfer any interest in, or permit to exist any Encumbrance on, any of the Collateral of such Obligor, except the Security Interests, Permitted Encumbrances and as permitted by the Credit Agreement.

3.6 Fixture Conflicts; Required Waivers. Each Obligor intends, to the extent not inconsistent with applicable law, that the Collateral of such Obligor shall remain personal property of such Obligor and shall not be deemed to be a fixture irrespective of the manner of its attachment to any real estate. Each Obligor will deliver to the Administrative Agent such disclaimers, waivers, or other documents as the Administrative Agent may reasonably request to confirm the foregoing, executed by each person having an interest in such real estate.

3.7 Validity of Accounts. Each Account arises and will arise in the ordinary course of an Obligor's business out of or in connection with the sale or lease of goods or the rendering of services and is and shall be a valid, legal and binding obligation of the party purported to be obligated thereon, enforceable in accordance with its terms and free of material setoffs, defenses or counterclaims. No Obligor has knowledge of any fact that would materially impair the validity or collectibility of any of the Accounts.

3.8 Inspection; Verification of Accounts. Each Obligor shall keep complete and accurate books and records relating to the Collateral, and upon request of the Administrative Agent shall stamp or otherwise mark such books and records in such manner as the Administrative Agent may reasonably request in order to reflect the Security Interests. Each

Obligor will allow the Administrative Agent and its designees to examine, inspect and make extracts from or copies of such Obligor's books and records, inspect the Collateral and arrange for verification of Accounts directly with any account debtors or by other methods, under reasonable procedures established by the Administrative Agent after consulting with the Obligor.

3.9 Collection and Delivery of Proceeds; Lockboxes.

(a) Each Obligor will diligently collect all of its Accounts until the Administrative Agent exercises its rights to collect the Accounts pursuant to this Agreement. If any Accounts are at any time evidenced by tangible chattel paper, promissory notes, trade acceptances or other instruments, the applicable Obligor will, upon the request of the Administrative Agent, promptly deliver the same to the Administrative Agent appropriately endorsed to the Administrative Agent's order and, regardless of the form of such endorsement, each Obligor hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other notices with respect thereto. Each Obligor shall, upon the request of the Administrative Agent following the occurrence and during the continuance of an Event of Default, deliver daily to the Administrative Agent, the Proceeds of Accounts or Inventory received by such Obligor, whether in the form of wire or ACH transfers, cash, checks, notes or other instruments, without commingling, in the identical form received (properly endorsed or assigned where required to enable the Administrative Agent to collect same).

(b) Upon request of the Administrative Agent following the occurrence and during the continuance of an Event of Default, each Obligor will (i) enter into a lockbox arrangement reasonably satisfactory to the Administrative Agent with one or more financial institutions (which may include the Administrative Agent) reasonably deemed acceptable by the Administrative Agent for the collection of Proceeds and direct all of its account debtors to make all payments on Accounts to the lockboxes established thereunder, and (ii) maintain all its deposit accounts at the Administrative Agent or at another financial institution which has agreed to accept drafts drawn on it by the Administrative Agent under a written depository transfer agreement or other arrangement with the Administrative Agent and to block such accounts and waive such institution's own rights as against such accounts, and deposit all Proceeds of Collateral (including the Proceeds received in such lockboxes) into such accounts. Each Obligor shall pay all fees, costs and expenses associated with the establishment and maintenance of such Obligor's lockboxes and accounts.

(c) Each Obligor shall, at the request of the Administrative Agent after the occurrence and during the continuance of an Event of Default, notify its account debtors, and the Administrative Agent may itself, after the occurrence and during the continuance of an Event of Default notify such Obligor's account debtors directly, of the Security Interest of the Administrative Agent in any Account and that payment thereof is to be made directly to the Administrative Agent.

3.10 Inventory. Whenever reasonably requested by the Administrative Agent, each Obligor shall make a physical count of all Inventory and shall furnish to the Administrative Agent a report (certified by an authorized officer of such Obligor to be true, correct and complete) of such physical count, such report to be in such form and with such specificity as may be reasonably requested by the Administrative Agent.

3.11 Insurance. Each Obligor will at all times maintain liability, casualty and business interruption insurance on the Collateral with financially sound and reputable insurers in such amounts and with such coverages, endorsements, deductibles and expiration dates as the officers of the Obligors, in the exercise of their reasonable judgment deem to be adequate, as are customary in the industry for companies of established reputation engaged in the same or similar business and owning or operating similar properties and as shall be reasonably satisfactory to the Administrative Agent. Such insurance shall be with insurance companies reasonably satisfactory to the Administrative Agent and shall be payable to the Administrative Agent as loss payee and such Obligor, as their respective interests may appear. Such insurance shall provide for not less than 30 days' prior notice of cancellation, change in form or non-renewal to the Administrative Agent, and shall insure the interest of the Administrative Agent regardless of any breach or violation by such Obligor or any other person of the warranties, declarations or covenants contained in such policies. Each Obligor shall insure the Collateral in amounts sufficient to prevent the application of any co-insurance provisions. Each Obligor shall evidence its compliance with the foregoing by delivering a certificate with respect to each policy concurrently with the execution hereof, annually thereafter, and from time to time upon the request of the Administrative Agent.

3.12 Maintenance and Use; Payment of Taxes. Each Obligor will preserve, protect and keep the Collateral of such Obligor in good order and repair, will not use the same in violation of law or any policy of insurance thereon, and will pay promptly when due all taxes and assessments on such Collateral or on its use or operation, except as otherwise permitted by the Credit Agreement.

3.13 General Intangibles. Each Obligor will apply for, and diligently pursue applications for, registration of its ownership of the General Intangibles for which registration is appropriate in the Obligor's exercise of reasonable business discretion, and will use such other measures as are appropriate to preserve its rights in its other General Intangibles. Each Obligor will, at the request of the Administrative Agent, retain off-site current copies of all materials created by or furnished to such Obligor on which is recorded then-current information about any computer programs or data bases that such Obligor has developed or otherwise has the right to use from time to time. Such materials shall include, without limitation, magnetic or other computer media on which object, source or other code is recorded and documentation of those computer programs or data bases, in the nature of listing printouts, narrative descriptions, flow diagrams and similar things. Each Obligor will, at the request of the Administrative Agent, deliver a set of such copies to the Administrative Agent for safekeeping and retention or transfer in the event of foreclosure. Exhibit B hereto sets forth all United States and foreign trademarks, servicemarks, trade names, trade styles, patents, copyrights, and all registrations and applications

for registration thereof and all licenses thereof, owned or held by each Obligor as of the date hereof.

3.14 Securities, Investment Property. Except upon the occurrence and during the continuance of an Event of Default, each Obligor shall retain the right to vote any Collateral consisting of the Investment Property in a manner not inconsistent with the terms of this Agreement and the Credit Agreement. If such Obligor, as registered holder of such Investment Property, receives (i) any dividend or other distribution in cash or other property in connection with the liquidation or dissolution of the issuer of such Investment Property, or in connection with the redemption or payment of such Investment Property, or (ii) any stock certificate, option or right, or other distribution, whether as an addition to, in substitution of, or in exchange for, such Investment Property, or otherwise, such Obligor agrees to accept the same in trust for the Administrative Agent and to deliver the same forthwith to the Administrative Agent or its designee, in the exact form received, with such Obligor's endorsement or reassignment when necessary, to be held by the Administrative Agent as Collateral. Upon request of the Administrative Agent, each Obligor will (i) deliver all of its Investment Property represented by certificates, including without limitation all stock of its Subsidiaries, to the Administrative Agent to hold pursuant to the terms of this Agreement, (ii) register in the name of the Administrative Agent or its designee any uncertificated Investment Property or the Administrative Agent's security interest therein on the books maintained by or on behalf of the issuer thereof or the depository therefor, and (iii) do all things necessary or desirable, as determined by the Administrative Agent, to transfer control over any Investment Property to the Administrative Agent including, but not limited to, registering the Administrative Agent as the holder of the securities entitlement or commodities contract, as appropriate, and entering into any control agreement, in the form designated by the Administrative Agent, pursuant to which the securities intermediary shall agree that it will comply with the entitlement orders originated by the Administrative Agent without further consent by such Obligor, and entering into any control agreement, in the form designated by the Administrative Agent, pursuant to which the commodity intermediary shall agree that it will apply any value distributed on account of any commodity contract as directed by the Administrative Agent without further consent by such Obligor.

3.15 Deposit Accounts. Each Obligor shall take all actions reasonably necessary or reasonably requested by the Administrative Agent to maintain, preserve or protect the rights and interest of the Administrative Agent with respect to all cash deposits of such Obligor and all other Proceeds of Collateral. No Obligor shall open or maintain any deposit or other bank account unless such Obligor shall either (a) cause the depository bank to agree in an authenticated record to comply at any time with instructions from the Administrative Agent to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of such Obligor, or (b) arrange for the Administrative Agent to become the customer of the depository bank with respect to the depository account, with such Obligor being permitted, only with the consent of the Administrative Agent, to exercise rights to withdraw funds from such deposit account. The provisions of this paragraph shall not apply to (i) any deposit account for which the Borrower, the depository bank and the Administrative Agent have entered into a cash collateral agreement specifically negotiated among the Borrower,

the depository bank and the Administrative Agent for the specific purpose set forth therein, (ii) deposit accounts for which the Administrative Agent is the depository bank and (iii) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Borrower's salaried employees.

3.16 Letters of Credit Rights. For each letter of credit at any time issued to any Obligor as beneficiary thereunder, such Obligor shall, at the request of the Administrative Agent, pursuant to an agreement in form and substance satisfactory to the Administrative Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Administrative Agent of the proceeds of any drawing under the letter of credit or (ii) arrange for the Administrative Agent to become the transferee beneficiary of the letter of credit.

3.17 Electronic Chattel Paper and Transferable Records. For any interest in an electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any jurisdiction applicable to any Obligor, any Collateral or any transaction contemplated hereby, the applicable Obligor shall take such action as the Administrative Agent may reasonably request to vest in the Administrative Agent control under Section 9-105 of the Uniform Commercial Code of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act of such transferable record.

3.18 Bailments, Etc. If any Collateral of any Obligor is at any time in the possession or control of any warehouseman, bailee or such Obligor's agents or processors, such Obligor shall, upon request of the Administrative Agent, (i) notify such warehouseman, bailee, agent or processor of the Security Interests and instruct such warehouseman, bailee, agent or processor to hold all such Collateral for the Administrative Agent's account subject to the Administrative Agent's instructions, (ii) arrange for such warehouseman, bailee, agent or processor to authenticate a record acknowledging that it holds possession of the Collateral for the Administrative Agent's benefit, (iii) deliver any negotiable warehouse receipt, bill of lading or other document of title issued with regard to the Collateral to the Administrative Agent appropriately endorsed to the Administrative Agent's order, and (iv) arrange for the issuance in the name of the Administrative Agent, in form reasonably satisfactory to the Administrative Agent, any nonnegotiable document of title covering such Collateral.

3.19 Assignment of Claims Act. If at any time any Accounts of any Obligor arise from contracts with the United States of America or any department, agency or instrumentality thereof, such Obligor shall execute all assignments and take all steps reasonably requested by the Administrative Agent in order that all monies due and to become due thereunder will be assigned and paid to the Administrative Agent under the Assignment of Claims Act of 1940.

3.20 Notes and Instruments. If at any time any amount payable under or in connection with any of the Collateral is evidenced by any promissory note or other instrument,

such note or instrument shall be promptly delivered to the Administrative Agent, duly endorsed in a manner satisfactory to the Administrative Agent.

Section 4. Further Assurances. Upon the reasonable request of the Administrative Agent, and at the sole expense of such Obligor, each Obligor will promptly execute and deliver such further instruments and documents and take such further actions as the Administrative Agent may deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, filing of any financing statement, continuation statement, amendment or notice under the Uniform Commercial Code or other applicable law, execution of assignments or mortgages of General Intangibles, delivery of appropriate stock or bond powers, and transfer of Collateral (other than Inventory, Accounts and Equipment) to the Administrative Agent's possession. Each Obligor authorizes the Administrative Agent to file financing statements, amendments and continuation statements naming the Obligor as debtor in order to perfect its interest in the Collateral without the signature of such Obligor to the extent permitted by applicable law, and to file a copy of this Agreement in lieu thereof, and to take any and all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other laws applicable in any foreign jurisdiction in order to protect or perfect its Security Interests. Each Obligor shall provide the Administrative Agent with any information the Administrative Agent shall reasonably request in connection with the foregoing, including, without limitation, the type and jurisdiction of organization of such Obligor, and any organizational identification number issued to such Obligor. Each Obligor shall also take all actions reasonably requested by the Administrative Agent in order to insure the continued perfection and priority of the Administrative Agent's security interest in any of the Collateral and of the preservation of its rights therein.

Section 5. Notices and Reports Pertaining to Collateral. Each Obligor will, with respect to the Collateral:

(a) promptly furnish to the Administrative Agent, from time to time upon request, reports in form and detail reasonably satisfactory to the Administrative Agent;

(b) promptly notify the Administrative Agent of any Encumbrance (except Permitted Encumbrances) asserted against the Collateral, including any attachment, levy, execution or other legal process levied against any of the Collateral, and of any information received by such Obligor relating to the Collateral, including the Accounts, the account debtors, or other persons obligated in connection therewith, that may in any way materially adversely affect the value of the Collateral or the rights and remedies of the Administrative Agent with respect thereto;

(c) promptly notify the Administrative Agent when it obtains knowledge of actual or imminent bankruptcy or other insolvency proceeding of any material account debtor or issuer of securities;

(d) promptly after the application by such Obligor for registration of any General Intangibles, as contemplated in Section 3.13, notify the Administrative Agent thereof;

(e) promptly after such Obligor establishes any Account with the United States of America or any department, agency or instrumentality thereof, notify the Administrative Agent thereof;

(f) promptly upon acquiring any commercial tort claim, notify the Administrative Agent in a writing signed by such Obligor, of the details thereof and grant to the Administrative Agent in such writing a security interest therein and in all the Proceeds thereof, such writing to be in form and substance satisfactory to the Administrative Agent; and

(g) promptly upon receipt of any letter of credit issued to such Obligor as beneficiary thereunder or upon acquiring an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act, notify the Administrative Agent thereof.

Each Obligor authorizes the Administrative Agent to destroy all invoices, delivery receipts, reports and other types of documents and records submitted to the Administrative Agent in connection with the transactions contemplated herein at any time subsequent to 12 months from the time such items are delivered to the Administrative Agent.

Section 6. Administrative Agent's Rights and Remedies in General.

(a) So long as any Event of Default shall have occurred and is continuing:

(i) the Administrative Agent may, at its option, without notice or demand, take immediate possession of the Collateral, and for that purpose the Administrative Agent may, so far as any Obligor can give authority therefor, enter upon any premises on which any of the Collateral is situated and remove the same therefrom or remain on such premises and in possession of such Collateral for purposes of conducting a sale or enforcing the rights of the Administrative Agent;

(ii) each Obligor will, upon demand, assemble the Collateral and make it available to the Administrative Agent at a place and time designated by the Administrative Agent that is reasonably convenient to both parties;

(iii) the Administrative Agent may collect and receive all income and Proceeds in respect of any Collateral and exercise all rights of each Obligor with respect thereto, including without limitation the right to exercise all voting and corporate rights at any meeting of the shareholders of the issuer of any Investment Property and to exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Investment Property as

if the Administrative Agent were the absolute owner thereof, including the right to exchange, at its discretion, any and all of any securities upon the merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof, all without liability except to account for property actually received (but the Administrative Agent shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing);

(iv) the Administrative Agent may sell, lease or otherwise dispose of any Collateral at a public or private sale, with or without having such Collateral at the place of sale, and upon such terms and in such manner as the Administrative Agent may determine, and the Administrative Agent may purchase any Collateral at any such sale. Unless such Collateral threatens to decline rapidly in value or is of the type customarily sold on a recognized market, the Administrative Agent shall send to the Obligor owning such Collateral prior written notice (which, if given within ten (10) days of any sale, shall be deemed to be reasonable) of the time and place of any public sale of such Collateral or of the time after which any private sale or other disposition thereof is to be made. Each Obligor agrees that upon any such sale such Collateral shall be held by the purchaser free from all claims or rights of every kind and nature, including any equity of redemption or similar rights, and all such equity of redemption and similar rights are hereby expressly waived and released by such Obligor. In the event any consent, approval or authorization of any governmental agency is necessary to effectuate any such sale, such Obligor shall execute all applications or other instruments as may be required; and

(v) in any jurisdiction where the enforcement of its rights hereunder is sought, the Administrative Agent shall have, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code and other applicable law.

(b) The Administrative Agent may perform any covenant or agreement of any Obligor contained herein that such Obligor has failed to perform and in so doing the Administrative Agent may expend such sums as it may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any taxes or insurance premiums, payment to obtain a release of an Encumbrance or potential Encumbrance, expenditures made in defending against any adverse claim and all other expenditures which the Administrative Agent may make for the protection of any Collateral or which it may be compelled to make by operation of law. All such sums and amounts so expended shall be repaid by such Obligor upon demand, shall constitute additional Obligations and shall bear interest from the date said amounts are expended at the rate per annum provided in the Credit Agreement to be paid on Base Rate Loans after the occurrence of an Event of Default. No such performance of any covenant or agreement by the Administrative Agent on behalf of such Obligor, and no such advance or expenditure therefor, shall relieve such

Obligor of any Event of Default under the terms of this Agreement or the other Loan Documents.

(c) Prior to any disposition of Collateral pursuant to this Agreement the Administrative Agent may, at its option, cause any of the Collateral to be repaired or reconditioned (but not upgraded unless mutually agreed) in such manner and to such extent as to make it saleable.

(d) The Administrative Agent is hereby granted a license or other right to use, without charge, each Obligor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, relating to the Collateral, in completing production of, advertising for sale and selling any Collateral; and each Obligor's rights under all licenses and all franchise agreements shall inure to the Administrative Agent's benefit. The immediately preceding sentence shall in no way limit the Administrative Agent's other rights and remedies hereunder with respect to labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, relating to the Collateral.

(e) Each Obligor recognizes that the Administrative Agent may be unable to effect a public sale of all or a part of the Investment Property by reason of certain prohibitions contained in the Securities Act of 1933 (as amended from time to time, the "Securities Act") or the securities laws of various states (the "Blue Sky Laws"), but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Obligor acknowledges that private sales so made may be at prices and upon other terms less favorable to the seller than if the Investment Property were sold at public sales. Each Obligor agrees that the Administrative Agent has no obligation to delay sale of any of the Investment Property for the period of time necessary to permit the Investment Property to be registered for public sale under the Securities Act or the Blue Sky Laws, and that private sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(f) The Administrative Agent shall be entitled to retain and to apply the Proceeds of any disposition of the Collateral, first, to its reasonable expenses of retaking, holding, protecting and maintaining, and preparing for disposition and disposing of, the Collateral, including reasonable attorneys' fees and other legal expenses incurred by it in connection therewith; and second, to the payment of the Obligations in accordance with the terms of the Credit Agreement. Any surplus remaining after such application shall be paid to the Obligors or to whomever may be legally entitled thereto, provided that in no event shall the Obligors be credited with any part of the Proceeds of the disposition of the Collateral until such Proceeds shall have been received in cash by the Administrative Agent. The Obligors shall remain liable for any deficiency.

(g) Each Obligor hereby appoints the Administrative Agent and each of the Administrative Agent's designees or agents as attorney-in-fact of such Obligor, irrevocably and with power of substitution, with full authority in the name of such Obligor, the Administrative Agent or otherwise, for sole use and benefit of the Administrative Agent, but at such Obligor's expense, so long as an Event of Default is continuing, to take any and all of the actions specified above in this Section and elsewhere in this Agreement. This power of attorney is a power coupled with an interest and shall be irrevocable for so long as any of the Obligations remain outstanding.

Section 7. Administrative Agent's Rights and Remedies with Respect to Collateral. The Administrative Agent may, at its option, at any time and from time to time after the occurrence and during the continuance of an Event of Default, without notice to or demand on any Obligor, take the following actions with respect to the Collateral:

(a) with respect to any Accounts (i) demand, collect, and receipt for any amounts relating thereto, as the Administrative Agent may determine; (ii) commence and prosecute any actions in any court for the purposes of collecting any such Accounts and enforcing any other rights in respect thereof; (iii) defend, settle or compromise any action brought and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; (iv) receive, open and dispose of mail addressed to any Obligor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to such Accounts or securing or relating to such Accounts, on behalf of and in the name of such Obligor; and (v) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any such Accounts or the goods or services which have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes;

(b) with respect to any Equipment and Inventory (i) make, adjust and settle claims under any insurance policy related thereto and place and pay for appropriate insurance thereon; (ii) discharge taxes and other Encumbrances at any time levied or placed thereon; (iii) make repairs or provide maintenance with respect thereto; and (iv) pay any necessary filing fees and any taxes arising as a consequence of any such filing. The Administrative Agent shall have no obligation to make any such expenditures nor shall the making thereof relieve any Obligor of its obligation to make such expenditures; and

(c) with respect to any Investment Property (i) transfer them at any time to itself, or to its nominee, and receive the income and all other distributions thereon and hold the same as Collateral hereunder or apply it to any matured Obligations; and (ii) demand, sue for, collect or make any compromise or settlement it deems desirable.

Except as otherwise provided herein, the Administrative Agent shall have no duty as to the collection or protection of any Collateral nor as to the preservation of any rights pertaining thereto, beyond the safe custody of any Collateral in its possession.

Section 8. Set-off Rights. Regardless of the adequacy of any Collateral or any other means of obtaining repayment for any Obligations, any deposits, balances or other sums credited by or due from the head office of the Administrative Agent, any Secured Party or any of their branch offices to any Obligor and any property of such Obligor now or hereafter in the possession, custody, safekeeping or control of the Administrative Agent or any Secured Party or in transit to the Administrative Agent or any Secured Party may be, at any time and from time to time, after the occurrence and during the continuance of an Event of Default, and without notice to such Obligor or compliance with any other condition precedent now or hereafter imposed by statute, rule of law, or otherwise (all of which are hereby expressly waived by each Obligor) and to the fullest extent permitted by law, set off, appropriated and applied by the Administrative Agent or any Secured Party against any and all Obligations of such Obligor in such manner as the head office of the Administrative Agent, any Secured Party or any of their branch offices in their sole discretion may determine, and each Obligor hereby grants the Administrative Agent and each Secured Party a continuing security interest in such deposits, balances, other sums and property for the payment and performance of all such Obligations and although such Obligations may be contingent or unmatured. ANY AND ALL RIGHTS TO REQUIRE THE ADMINISTRATIVE AGENT OR ANY SECURED PARTY TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHTS OF SETOFF WITH RESPECT TO SUCH DEPOSITS, BALANCES, OTHER SUMS AND PROPERTY OF ANY OBLIGOR ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

Section 9. Waivers. Each Obligor waives presentment, demand, notice, protest, notice of acceptance of this Agreement, notice of any loans made, credit or other extensions granted, Collateral received or delivered and any other action taken in reliance hereon and all other demands and notices of any description, except for such demands and notices as are expressly required to be provided to such Obligor under this Agreement or any other document evidencing the Obligations. Each Obligor waives, to the full extent permitted by law, the benefit of all appraisal, valuation, stay, extension and redemption laws now or hereafter in force and all rights of marshaling in the event of any sale or disposition of any of the Collateral. With respect to both the Obligations and any Collateral, each Obligor assents to any extension or postponement of the time of payment or any other forgiveness or indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromise or adjustment of any thereof, all in such manner and at such time or times as the Administrative Agent may deem advisable. The Administrative Agent may exercise its rights with respect to the Collateral without resorting, or regard, to other collateral or sources of reimbursement for Obligations. The Administrative Agent shall not be deemed to have waived any of its rights with respect to the Obligations or the Collateral unless such waiver is in writing and signed by the Administrative Agent. No delay or omission on the part of the Administrative Agent in exercising any right and no course of dealing shall operate as a waiver of such right or any other

right. A waiver on any one occasion shall not bar or waive the exercise of any right on any future occasion. All rights and remedies of the Administrative Agent in the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, are cumulative and not exclusive of any remedies provided by law or any other agreement, and may be exercised separately or concurrently.

Section 10. Expenses. Each Obligor shall, on demand, pay or reimburse the Administrative Agent for all reasonable expenses (including reasonable attorneys' fees and disbursements of outside counsel and allocation costs of in-house counsel) incurred or paid by the Administrative Agent in connection with the negotiation, preparation, filing or recording, interpretation and the administration and enforcement of this Agreement, its on-site periodic examinations of the Collateral and any other exercise, preservation or enforcement of any rights, remedies or options of the Administrative Agent or the satisfaction of any Obligation, or in connection with any litigation, proceeding or dispute in any way related to Obligations, or the Collateral. Such costs and expenses shall include, without limitation, fees and disbursements of outside legal counsel and the allocated costs of in-house legal counsel; accounting, consulting, appraisal, brokerage or other similar professional fees or expenses; all fees, charges (including the Administrative Agent's per diem charges) and expenses as are incurred to preserve the validity, perfection, priority and value of any Security Interest created hereby; and all costs, charges and expenses relating to any attempt to inspect, verify, protect, preserve, restore, collect, sell, liquidate or otherwise dispose of any of or realize upon any Collateral or the exercise by the Administrative Agent of any of the rights conferred upon it hereunder. The obligation to pay any such amount of all such costs and expenses shall, except as otherwise provided herein, until paid, bear interest at the rate applicable to Base Rate Loans and shall be an additional Obligation secured by the Collateral.

Section 11. Notices. All notices hereunder shall be given in the same manner as set forth in Section 12.1 of the Credit Agreement and any notice given to any Obligor in accordance with the terms of such Section shall be deemed to be given to each of the Obligors.

Section 12. Joinder. Each Borrower agrees that from time to time in the event that it shall acquire or form any Subsidiary, such Borrower shall cause such Subsidiary to execute and deliver an Instrument of Joinder in the form attached hereto as Exhibit C, a Perfection Certificate and all other documents deemed desirable by the Administrative Agent, and that upon such execution and delivery, this Agreement shall become the binding obligation of such Subsidiary which shall become an Obligor hereunder and this Agreement shall create a valid and continuing lien on and security interest in the Collateral of such Subsidiary.

Section 13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each Obligor, its respective successors and assigns, and shall be binding upon and inure to the benefit of and be enforceable by the Administrative Agent, the Secured Parties and their respective successors and assigns; provided that no Obligor may assign or transfer its rights or obligations hereunder.

Section 14. Governing Law; Consent to Jurisdiction, Etc.

(a) THIS AGREEMENT IS A CONTRACT UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW).

(b) Each Obligor hereby irrevocably and unconditionally submits, for itself and its respective property, to the nonexclusive jurisdiction of 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 thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final, non-appealed judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that each Obligor, the Administrative Agent or any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any other party hereto or their properties in the courts of any jurisdiction.

(c) Each Obligor 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 or any other Loan Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto 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) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 12.1 of the Credit Agreement. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 15. Waiver of Jury Trial. THE OBLIGORS HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER, THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY. EXCEPT AS PROHIBITED BY LAW, THE OBLIGORS HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE OBLIGORS (A)


CERTIFY THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE ADMINISTRATIVE AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE ADMINISTRATIVE AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGE THAT THE ADMINISTRATIVE AGENT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BECAUSE OF, AMONG OTHER THINGS, THE OBLIGORS' WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

Section 16. General. This Agreement may not be amended or modified except by a writing signed by each of the Obligors and the Administrative Agent. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. Section headings are for convenience of reference only and are not a part of this Agreement. In the event that any Collateral or any deposit or other sum due from or credited by the Administrative Agent is held or stands in the name of any Obligor and another or others jointly, the Administrative Agent may deal with the same for all purposes as if it belonged to or stood in the name of such Obligor alone.


[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Security Agreement to be duly executed as an instrument under seal as of the date first written above.


STAR BUFFET, INC.

By: 
Name: Ron Dowdy
Title: Secretary and Treasurer


STAR BUFFET MANAGEMENT, INC.

By: 
Name: Ron Dowdy
Title: Secretary and Treasurer


SUMMIT FAMILY RESTAURANTS INC.

By: 
Name: Ron Dowdy
Title: Secretary and Treasurer

HTB RESTAURANTS, INC.

By: 
Name: Ron Dowdy
Title: Secretary and Treasurer

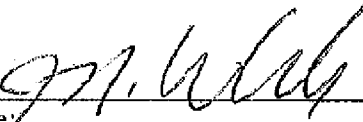
NORTHSTAR BUFFET, INC.

By: 
Name: Ron Dowdy
Title: Secretary and Treasurer

[Signature Page to Security Agreement]

ACCEPTED AS OF THE
DATE FIRST ABOVE WRITTEN:

WELLS FARGO BANK, N.A.

By: 
Name: _____
Title: J. Nicholas Cole
Managing Director

[Signature Page to Security Agreement]

EXHIBIT A

FORM OF PERFECTION CERTIFICATE

(See Tab 7)

{B0715986; 3}

TRADEMARK
REEL: 004619 FRAME: 0595

LIST OF INTELLECTUAL PROPERTY

TRADEMARKS (including all United States and foreign registered and unregistered trademarks, trade names, trade styles and service marks, and all applications for any of the foregoing.)

Star Buffet, Inc.:

1. No. 72459973 (Casa Bonita)
2. Nos. 74101526 and 73769779 (Buddy Freddy's)
3. Nos. 78547310 and 78355399 (Whistle Junction)
4. No. 74722446 (Holiday House) (not currently active with United States Patent and Trademark Office)

Star Buffet Management, Inc.: None.

HTB Restaurants, Inc.: None.

Northstar Buffet, Inc.: None.

Summit Family Restaurants, Inc.: None.

CORPORATE NAMES

Star Buffet, Inc.

Star Buffet Management, Inc.

HTB Restaurants, Inc.

Northstar Buffet, Inc.

Summit Family Restaurants, Inc.

INTERNET DOMAIN NAMES

Star Buffet, Inc.: www.starbuffet.com

Star Buffet Management, Inc.: None.

HTB Restaurants, Inc.: None.

Northstar Buffet, Inc.: None.

Summit Family Restaurants, Inc.: None.

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None other than as may be applicable pursuant to common law.

PATENTS

None.

INSTRUMENT OF JOINDER

[SUBSIDIARY], a [STATE] [ENTITY] (the "Company"), hereby agrees that as of the date hereof it is an Obligor under that certain Security Agreement (as the same may be amended, modified, supplemented or restated from time to time, the "Security Agreement"), dated as of the ____ day of January, 2008, by Star Buffet, Inc., Star Buffet Management, Inc., Summit Family Restaurants, Inc., HTB Restaurants, Inc. and Northstar Buffet, Inc. in favor of Wells Fargo Bank, N.A. as Administrative Agent and for the benefit of the Secured Parties, as if it were an original signatory thereto. The Company hereby agrees that it shall be subject to all of the obligations of an Obligor set forth in the Security Agreement, and that all of the Collateral (as defined in the Security Agreement) now or hereafter owned by the Company or in which the Company has an interest shall be subject to the Security Interests described in the Security Agreement.

EXECUTED on this ____ day of _____, 200__.

[SUBSIDIARY]

By: _____
Name: _____
Title: _____