

04-13-1999

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RECORDATION FORM COVER SHEET

TRADEMARKS ONLY

To the Honorable Commissioner of Patents and Trademarks:

Please record the attached original document or copy thereof.

1. Name and address of conveying party:

Fazoli's Management, Inc.
2470 Palumbo Drive
Lexington, KY 40509

A Kentucky corporation.

2. Name and address of receiving party:

BankBoston, N.A., as Agent
100 Federal Street
Boston, MA 02110

A national banking association.

3. Nature of conveyance: Trademark Collateral Security and Pledge Agreement dated as of March 30, 1999, and attached hereto as Exhibit 1.

4. Registration numbers:

<u>Trademark Applications</u>	<u>Serial No.</u>	<u>Application Date</u>
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See Schedule A attached hereto.

<u>Trademarks</u>	<u>Registration No.</u>	<u>Registration Date</u>
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See Schedule A attached hereto.

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 82 FC:482 40.00 DP
 325.00 DP

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

Joseph R. Martinez, Esq.
Bingham Dana LLP
150 Federal Street
Boston, MA 02110

6. Total number of applications and registrations involved: 14

7. Total fee enclosed: \$365

8. Deposit account number: Not applicable

9. Statement and signature:

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.


Name: Joseph R. Martinez, Esq.
Date: April 5, 1999

Mail documents to be recorded with required cover sheet information to:

United States Patent and Trademark Office
Office of Public Records
Crystal Gateway 4
Room 335
Washington, D.C. 20231

Sent via U.S. Post Office Express Mail on April 2, 1999,
Receipt No. EM433948076US

Total number of pages submitted (including cover sheet and any attached Schedules, and conveyance document and any attached Schedules): 23

SCHEDULE A

Trademarks and Trademark Registrations

Trademark or <u>Service Mark</u>	Registrations – United States Patent and Trademark Office	
	<u>Registration No.</u>	<u>Registration Date</u>
FAZOLI'S ITALIAN FOOD...FAST	1565210	11/07/1989
FAZOLI'S ITALIAN FOOD...FAST	1757441	03/09/1993
FAZOLI'S (stylized)	1801207	10/26/1993
REAL ITALIAN. REAL FAST.	1819276	02/01/1994
TOWER DESIGN	1940398	12/12/1994
BUILDING CONFIGURATION DESIGN	1984926	07/09/1996
BELLA NOTTE	2070880	06/10/1997

Trademark or <u>Service Mark</u>	Pending Applications – United States Patent and Trademark Office	
	<u>Application No.</u>	<u>Date</u>
PASTA FASTA	75-164198	09/11/1996
BUILDING CONFIGURATION DESIGN	75-301367	06/02/1997
SUBMARINOS	75-321646	07/09/1997
SUBMARINOS (stylized)	75-357212	09/15/1997
LA NONNINA'S KITCHEN	75-377872	10/23/1997
PIZZARINOS	75-436258	02/18/1998
NINA'S HOME KITCHEN	75-551261	09/11/1998

**TRADEMARK COLLATERAL
SECURITY AND PLEDGE AGREEMENT**

TRADEMARK COLLATERAL SECURITY AND PLEDGE AGREEMENT dated as of March 30, 1999, between **FAZOLI'S MANAGEMENT, INC.**, a Kentucky corporation having its principal place of business at 2470 Palumbo Drive, Lexington, Kentucky 40509 (the "Pledgor"), and **BANKBOSTON, N.A.**, a national banking association having an office at 100 Federal Street, Boston, Massachusetts 02110, as agent (hereinafter, in such capacity, the "Agent") for itself and other lending institutions (hereinafter, collectively, the "Banks") which are, or may in the future become, parties to that certain Revolving Credit and Term Loan Agreement, dated as of March 30, 1999 (as amended and in effect from time to time, the "Credit Agreement"), among the Pledgor, **SEED RESTAURANT GROUP, INC.**, **FAZOLI'S RESTAURANTS, INC.** ("FRI"), **FAZOLI'S JOINT VENTURE, LTD.** ("FJV" and, collectively with FRI, the "Co-Borrowers"), the Banks and the Agent.

WHEREAS, it is a condition precedent to the Banks' making any loans or otherwise extending credit to the Co-Borrowers under the Credit Agreement that the Pledgor execute and deliver to the Agent, for the benefit of the Banks and the Agent, a trademark agreement in substantially the form hereof;

WHEREAS, the Pledgor is a Subsidiary of FRI and is executing and delivering to the Agent a guaranty dated as of the date hereof pursuant to which the Pledgor is guaranteeing all of the Co-Borrowers' Obligations to the Agent and the Banks under the Loan Documents;

WHEREAS, the Pledgor has executed and delivered to the Agent, for the benefit of the Banks and the Agent, the Security Agreement (as defined in the Credit Agreement), pursuant to which the Pledgor has granted to the Agent, for the benefit of the Banks and the Agent, a security interest in certain of the Pledgor's personal property and fixture assets, including without limitation the trademarks, service marks, trademark and service mark registrations, and trademark and service mark registration applications listed on Schedule A attached hereto, all to secure the payment and performance of the Obligations (as defined in the Credit Agreement); and

WHEREAS, this Trademark Agreement is supplemental to the provisions contained in the Security Agreement;

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

1. DEFINITIONS.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Credit Agreement and the Security

Agreement. In addition, the following terms shall have the meanings set forth in this §1 or elsewhere in this Trademark Agreement referred to below:

Assignment of Marks. See §10.

Associated Goodwill. All goodwill of the Pledgor and its business, products and services appurtenant to, associated with or symbolized by the Trademarks and the use thereof.

Pledged Trademarks. All of the Pledgor's right, title and interest in and to all of the Trademarks, the Trademark Registrations, the Trademark License Rights, the Trademark Rights, the Associated Goodwill, the Related Assets, and all accessions to, substitutions for, replacements of, and all products and proceeds of any and all of the foregoing.

PTO. The United States Patent and Trademark Office.

Related Assets. All assets, rights and interests of the Pledgor that uniquely reflect or embody the Associated Goodwill, including the following:

(a) all patents, inventions, copyrights, trade secrets, confidential information, formulae, methods or processes, compounds, recipes, know-how, methods and operating systems, drawings, descriptions, formulations, manufacturing and production and delivery procedures, quality control procedures, product and service specifications, catalogs, price lists, and advertising materials, relating to the manufacture, production, delivery, provision and sale of goods or services under or in association with any of the Trademarks; and

(b) the following documents and things in the possession or under the control of the Pledgor, or subject to its demand for possession or control, related to the production, delivery, provision and sale by the Pledgor, or any affiliate, franchisee, licensee or contractor, of products or services sold by or under the authority of the Pledgor in connection with the Trademarks or Trademark Rights, whether prior to, on or subsequent to the date hereof:

(i) all lists, contracts, ancillary documents and other information that identify, describe or provide information with respect to any customers, dealers or distributors of the Pledgor, its affiliates or franchisees or licensees or contractors, for products or services sold under or in connection with the Trademarks or Trademark Rights, including all lists and documents containing information regarding each customer's, dealer's or distributor's name and address, credit, payment, discount, delivery and other sale terms, and history, pattern and total of purchases by brand, product, style, size and quantity;

(ii) all agreements (including franchise agreements), product and service specification documents and operating, production and quality control manuals relating to or used in the design, manufacture, production, delivery, provision and sale of products or services under or in connection with the Trademarks or Trademark Rights;

(iii) all documents and agreements relating to the identity and locations of all sources of supply, all terms of purchase and delivery, for all materials, components, raw materials and other supplies and services used in the manufacture, production, provision, delivery and sale of products or services under or in connection with the Trademarks or Trademark Rights; and

(iv) all agreements and documents constituting or concerning the present or future, current or proposed advertising and promotion by the Pledgor (or any of its affiliates, franchisees, licensees or contractors) of products or services sold under or in connection with the Trademarks or Trademark Rights.

Trademark Agreement. This Trademark Collateral Security and Pledge Agreement, as amended and in effect from time to time.

Trademark License Rights. Any and all past, present or future rights and interests of the Pledgor pursuant to any and all past, present and future franchising or licensing agreements in favor of the Pledgor, or to which the Pledgor is a party, pertaining to any Trademarks, Trademark Registrations, or Trademark Rights owned or used by third parties in the past, present or future, including the right (but not the obligation) in the name of the Pledgor or the Agent to enforce, and sue and recover for, any breach or violation of any such agreement to which the Pledgor is a party.

Trademark Registrations. All past, present or future federal, state, local and foreign registrations of the Trademarks, all past, present and future applications for any such registrations (and any such registrations thereof upon approval of such applications), together with the right (but not the obligation) to apply for such registrations (and prosecute such applications) in the name of the Pledgor or the Agent, and to take any and all actions necessary or appropriate to maintain such registrations in effect and renew and extend such registrations.

Trademark Rights. Any and all past, present or future rights in, to and associated with the Trademarks throughout the world, whether arising under federal law, state law, common law, foreign law or otherwise, including the following: all such rights arising out of or associated with the Trademark Registrations; the right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation; the right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Pledgor or the Agent for any and all past, present and future infringements or dilution of or any other damages or injury to the Trademarks, the Trademark Rights, or the Associated Goodwill, and the rights to damages or profits

due or accrued arising out of or in connection with any such past, present or future infringement, dilution, damage or injury; and the Trademark License Rights.

Trademarks. All of the trademarks, service marks, designs, logos, indicia, trade names, corporate names, company names, business names, fictitious business names, trade styles, elements of package or trade dress, and other source and product or service identifiers, used or associated with or appurtenant to the products, services and businesses of the Pledgor, that (i) are set forth on Schedule A hereto, or (ii) have been adopted, acquired, owned, held or used by the Pledgor or are now owned, held or used by the Pledgor, in the Pledgor's business, or with the Pledgor's products and services, or in which the Pledgor has any right, title or interest, or (iii) are in the future adopted, acquired, owned, held and used by the Pledgor in the Pledgor's business or with the Pledgor's products and services, or in which the Pledgor in the future acquires any right, title or interest.

use. With respect to any Trademark, all uses of such Trademark by, for or in connection with the Pledgor or its business or for the direct or indirect benefit of the Pledgor or its business, including all such uses by the Pledgor itself, by any of the affiliates of the Pledgor, or by any franchisee, licensee or contractor of the Pledgor.

Unless otherwise provided herein, the rules of interpretation set forth in §1.2 of the Credit Agreement shall be applicable to this Trademark Agreement.

2. GRANT OF SECURITY INTEREST.

2.1. Security Interest; Assignment of Marks. As collateral security for the payment and performance in full of all of the Obligations, the Pledgor hereby unconditionally grants to the Agent, for the benefit of the Banks and the Agent, a continuing security interest in and first priority lien on the Pledged Trademarks, and pledges and mortgages (but does not transfer title to) the Pledged Trademarks to the Agent for the benefit of the Banks and the Agent.

2.2. Conditional Assignment. In addition to, and not by way of limitation of, the grant, pledge and mortgage of the Pledged Trademarks provided in §2.1, the Pledgor grants, assigns, transfers, conveys and sets over to the Agent, for the benefit of the Banks and the Agent, the Pledgor's entire right, title and interest in and to the Pledged Trademarks; provided that such grant, assignment, transfer and conveyance shall be and become of force and effect only (i) upon or after the occurrence and during the continuance of an Event of Default and (ii) either (A) upon the exercise of the Agent's remedies under this Trademark Agreement and the Security Agreement or (B) immediately and automatically (without notice or action of any kind by the Agent) upon an Event of Default for which acceleration of the Loans is automatic under the Credit Agreement or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Security Agreement and applicable law (including the transfer or other disposition of the Collateral by the Pledgor to the Agent or its nominee in lieu of foreclosure).

2.3. Supplemental to Security Agreement. Pursuant to the Security Agreement the Pledgor has granted to the Agent, for the benefit of the Banks and the Agent, a continuing security interest in and lien on the Collateral (including the Pledged Trademarks). The Security Agreement, and all rights and interests of the Agent in and to the Collateral (including the Pledged Trademarks) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Trademark Agreement, the grant, assignment, transfer and conveyance of the Pledged Trademarks hereunder, or the recordation of this Trademark Agreement (or any document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Security Agreement, the security interest of the Agent in the Collateral (including the Pledged Trademarks) pursuant to the Security Agreement and this Trademark Agreement, the attachment and perfection of such security interest under the Uniform Commercial Code (including the security interest in the Pledged Marks), or any present or future rights and interests of the Agent in and to the Collateral under or in connection with the Security Agreement, this Trademark Agreement or the Uniform Commercial Code. Any and all rights and interests of the Agent in and to the Pledged Trademarks (and any and all obligations of the Pledgor with respect to the Pledged Trademarks) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Agent (and the obligations of the Pledgor) in, to or with respect to the Collateral (including the Pledged Trademarks) provided in or arising under or in connection with the Security Agreement and shall not be in derogation thereof.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Pledgor represents, warrants and covenants that, except as set forth on Schedule B hereto: (i) Schedule A sets forth a true and complete list of all Trademarks and Trademark Registrations now owned, licensed, controlled or used by the Pledgor (other than those of negligible economic value to the Pledgor); (ii) the Trademarks and Trademark Registrations are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and there is no litigation or proceeding pending concerning the validity or enforceability of the Trademarks or Trademark Registrations; (iii) to the best of the Pledgor's knowledge, each of the Trademarks and Trademark Registrations is valid and enforceable; (iv) to the best of the Pledgor's knowledge, there is no infringement by others of the Trademarks, Trademark Registrations or Trademark Rights; (v) no claim has been made that the use of any of the Trademarks does or may violate the rights of any third person, and to the best of the Pledgor's knowledge, there is no infringement by the Pledgor of the trademark rights of others; (vi) the Pledgor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks (other than ownership and other rights reserved by third party owners with respect to Trademarks that the Pledgor is licensed to use), free and clear of any liens, charges, encumbrances and adverse claims, including pledges, assignments, licenses, registered user agreements and covenants by the Pledgor not to sue third persons, other than the security interest and assignment created by the Security Agreement and this Trademark Agreement; (vii) the Pledgor has the unqualified right to enter into this Trademark Agreement and to perform its terms and

has entered and will enter into written agreements with each of its present and future employees, agents, consultants, licensors and licensees that will enable them to comply with the covenants herein contained; (viii) the Pledgor has used, and will continue to use, proper statutory and other appropriate proprietary notices in connection with its use of the Trademarks; (ix) the Pledgor has used, and will continue to use for the duration of this Trademark Agreement, consistent standards of quality in its manufacture and provision of products and services sold or provided under the Trademarks; (x) this Trademark Agreement, together with the Security Agreement, will create in favor of the Agent a valid and perfected first priority security interest in the Pledged Trademarks upon making the filings referred to in clause (xi) of this §3; and (xi) except for the filing of financing statements under the Uniform Commercial Code and the recording of this Trademark Agreement with the PTO, no authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory authority, agency or office is required either (A) for the grant by the Pledgor or the effectiveness of the security interest and assignment granted hereby or for the execution, delivery and performance of this Trademark Agreement by the Pledgor, or (B) for the perfection of or the exercise by the Agent of any of its rights and remedies hereunder.

4. INSPECTION RIGHTS.

The Pledgor hereby grants to each of the Agent and the Banks and its employees and agents the right to visit the Pledgor's plants and facilities that manufacture, inspect or store products sold under any of the Trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

5. NO TRANSFER OR INCONSISTENT AGREEMENTS.

Without the Agent's prior written consent and except for licenses of the Pledged Trademarks in franchise agreements entered into by the Pledgor in the ordinary course of the Pledgor's business consistent with its past practices, the Pledgor will not (i) mortgage, pledge, assign, encumber, grant a security interest in, transfer, license or alienate any of the Pledged Trademarks, or (ii) enter into any agreement (for example, a license agreement) that is inconsistent with the Pledgor's obligations under this Trademark Agreement or the Security Agreement.

6. AFTER-ACQUIRED TRADEMARKS, ETC.

6.1. After-acquired Trademarks. If, before the Obligations shall have been finally paid and satisfied in full, the Pledgor shall obtain any right, title or interest in or to any other or new Trademarks, Trademark Registrations or Trademark Rights, the provisions of this Trademark Agreement shall automatically apply thereto and the Pledgor shall promptly provide to the Agent notice thereof in writing and execute and deliver to the Agent such documents or instruments as the Agent may reasonably request further to implement, preserve or evidence the Agent's interest therein.

6.2. Amendment to Schedule. The Pledgor authorizes the Agent to modify this Trademark Agreement and the Assignment of Marks, without the necessity of the Pledgor's further approval or signature, by amending Exhibit A hereto and the Annex to the Assignment of Marks to include any future or other Trademarks, Trademark Registrations or Trademark Rights under §2 or §6.

7. TRADEMARK PROSECUTION.

7.1. Pledgor Responsible. The Pledgor shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with the Pledged Trademarks, and shall hold each of the Agent and the Banks harmless from any and all costs, damages, liabilities and expenses that may be incurred by the Agent or any Bank in connection with the Agent's interest in the Pledged Trademarks or any other action or failure to act in connection with this Trademark Agreement or the transactions contemplated hereby. In respect of such responsibility, the Pledgor shall retain trademark counsel acceptable to the Agent.

7.2. Pledgor's Duties, etc. The Pledgor shall have the right and the duty (to the extent that it is commercially reasonable to do so), through trademark counsel acceptable to the Agent, to prosecute diligently any trademark registration applications of the Trademarks pending as of the date of this Trademark Agreement or thereafter, to preserve and maintain all rights in the Trademarks and Trademark Registrations, including the filing of appropriate renewal applications and other instruments to maintain in effect the Trademark Registrations and the payment when due of all registration renewal fees and other fees, taxes and other expenses that shall be incurred or that shall accrue with respect to any of the Trademarks or Trademark Registrations. Any expenses incurred in connection with such applications and actions shall be borne by the Pledgor. The Pledgor shall not (except to the extent commercially reasonable to do so) abandon any filed trademark registration application, or any Trademark Registration or Trademark, without the consent of the Agent, which consent shall not be unreasonably withheld.

7.3. Pledgor's Enforcement Rights. The Pledgor shall have the right and the duty (to the extent that it is commercially reasonable to do so) to bring suit or other action in the Pledgor's own name to maintain and enforce the Trademarks, the Trademark Registrations and the Trademark Rights. The Pledgor may require the Agent to join in such suit or action as necessary to assure the Pledgor's ability to bring and maintain any such suit or action in any proper forum if (but only if) the Agent is completely satisfied that such joinder will not subject the Agent or any Bank to any risk of liability. The Pledgor shall promptly, upon demand, reimburse and indemnify the Agent for all damages, costs and expenses, including legal fees, incurred by the Agent pursuant to this §7.3.

7.4. Protection of Trademarks, etc. In general, the Pledgor shall (to the extent that it is commercially reasonable to do so) take any and all such actions (including institution and maintenance of suits, proceedings or actions) as may be necessary or appropriate to properly maintain, protect, preserve, care for and enforce the Pledged

Trademarks. The Pledgor shall not take or fail to take any action, nor permit any action to be taken or not taken by others under its control, that would adversely affect the validity, grant or enforcement of the Pledged Trademarks.

7.5. Notification by Pledgor. Promptly upon obtaining knowledge thereof, the Pledgor will notify the Agent in writing of the institution of, or any final adverse determination in, any proceeding in the PTO or any similar office or agency of the United States or any foreign country, or any court, regarding the validity of any of the Trademarks or Trademark Registrations or the Pledgor's rights, title or interests in and to the Pledged Trademarks, and of any event that does or reasonably could materially adversely affect the value of any of the Pledged Trademarks, the ability of the Pledgor or the Agent to dispose of any of the Pledged Trademarks or the rights and remedies of the Agent in relation thereto (including but not limited to the levy of any legal process against any of the Pledged Trademarks).

8. REMEDIES.

Upon the occurrence and during the continuance of an Event of Default, the Agent shall have, in addition to all other rights and remedies given it by this Trademark Agreement (including, without limitation, those set forth in §2.2, the Credit Agreement, the Security Agreement and the other Loan Documents, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the Commonwealth of Massachusetts, and, without limiting the generality of the foregoing, the Agent may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to the Pledgor, all of which are hereby expressly waived, sell or license at public or private sale or otherwise realize upon the whole or from time to time any part of the Pledged Trademarks, or any interest that the Pledgor may have therein, and after deducting from the proceeds of sale or other disposition of the Pledged Trademarks all expenses incurred by the Agent in attempting to enforce this Trademark Agreement (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds toward the payment of the Obligations as set forth in or by reference in the Security Agreement. Notice of any sale, license or other disposition of the Pledged Trademarks shall be given to the Pledgor at least five (5) days before the time that any intended public sale or other public disposition of the Pledged Trademarks is to be made or after which any private sale or other private disposition of the Pledged Trademarks may be made, which the Pledgor hereby agrees shall be reasonable notice of such public or private sale or other disposition. At any such sale or other disposition, the Agent may, to the extent permitted under applicable law, purchase or license the whole or any part of the Pledged Trademarks or interests therein sold, licensed or otherwise disposed of.

9. COLLATERAL PROTECTION.

If the Pledgor shall fail to do any act that it has covenanted to do hereunder, or if any representation or warranty of the Pledgor shall be breached, the Agent, in its own name or that of the Pledgor (in the sole discretion of the Agent), may (but shall not be obligated to) do such act or remedy such breach (or cause such act to be done or such

breach to be remedied), and the Pledgor agrees promptly to reimburse the Agent for any cost or expense incurred by the Agent in so doing.

10. POWER OF ATTORNEY.

If any Event of Default shall have occurred and be continuing, the Pledgor does hereby make, constitute and appoint the Agent (and any officer or agent of the Agent as the Agent may select in its exclusive discretion) as the Pledgor's true and lawful attorney-in-fact, with full power of substitution and with the power to complete, execute and record with the PTO the assignment of federally registered trademarks in substantially the form of Exhibit 1 hereto (the "Assignment of Marks") and to endorse the Pledgor's name on all applications, documents, papers and instruments necessary for the Agent to use the Pledged Trademarks, or to grant or issue any exclusive or nonexclusive license of any of the Pledged Trademarks to any third person, or to take any and all actions necessary for the Agent to assign, pledge, convey or otherwise transfer title in or dispose of any of the Pledged Trademarks or any interest of the Pledgor therein to any third person, and, in general, to execute and deliver any instruments or documents and do all other acts that the Pledgor is obligated to execute and do hereunder. The Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof and releases each of the Agent and the Banks from any claims, liabilities, causes of action or demands arising out of or in connection with any action taken or omitted to be taken by the Agent under this power of attorney (except for the Agent's gross negligence or willful misconduct). This power of attorney is coupled with an interest and shall be irrevocable for the duration of this Trademark Agreement.

11. FURTHER ASSURANCES.

The Pledgor shall, at any time and from time to time, and at its expense, make, execute, acknowledge and deliver, and file and record as necessary or appropriate with governmental or regulatory authorities, agencies or offices, such agreements, assignments, documents and instruments, and do such other and further acts and things (including, without limitation, obtaining consents of third parties), as the Agent may request or as may be necessary or appropriate in order to implement and effect fully the intentions, purposes and provisions of this Trademark Agreement, or to assure and confirm to the Agent the grant, perfection and priority of the Agent's security interest in the Pledged Trademarks.

12. TERMINATION.

At such time as all of the Obligations have been finally paid and satisfied in full, this Trademark Agreement shall terminate and the Agent shall, upon the written request and at the expense of the Pledgor, execute and deliver to the Pledgor all deeds, assignments and other instruments as may be necessary or proper to reassign and reconvey to and re-vest in the Pledgor the entire right, title and interest to the Pledged Trademarks previously granted, assigned, transferred and conveyed to the Agent by the Pledgor pursuant to this Trademark Agreement, as fully as if this Trademark Agreement

had not been made, subject to any disposition of all or any part thereof that may have been made by the Agent pursuant hereto or the Security Agreement.

13. COURSE OF DEALING.

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

14. EXPENSES.

Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and expenses incurred by the Agent in connection with the preparation of this Trademark Agreement and all other documents relating hereto, the consummation of the transactions contemplated hereby or the enforcement hereof, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance or renewal fees, encumbrances, or otherwise protecting, maintaining or preserving the Pledged Trademarks, or in defending or prosecuting any actions or proceedings arising out of or related to the Pledged Trademarks, shall be borne and paid by the Pledgor.

15. OVERDUE AMOUNTS.

Until paid, all amounts due and payable by the Pledgor hereunder shall be a debt secured by the Pledged Trademarks and other Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Credit Agreement.

16. NO ASSUMPTION OF LIABILITY; INDEMNIFICATION.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NEITHER THE AGENT NOR ANY BANK ASSUMES ANY LIABILITIES OF THE PLEDGOR WITH RESPECT TO ANY CLAIM OR CLAIMS REGARDING THE PLEDGOR'S OWNERSHIP OR PURPORTED OWNERSHIP OF, OR RIGHTS OR PURPORTED RIGHTS ARISING FROM, ANY OF THE PLEDGED TRADEMARKS OR ANY USE, LICENSE OR SUBLICENSE THEREOF, WHETHER ARISING OUT OF ANY PAST, CURRENT OR FUTURE EVENT, CIRCUMSTANCE, ACT OR OMISSION OR OTHERWISE. ALL OF SUCH LIABILITIES SHALL BE EXCLUSIVELY THE RESPONSIBILITY OF THE PLEDGOR, AND THE PLEDGOR SHALL INDEMNIFY THE AGENT AND THE BANKS FOR ANY AND ALL COSTS, EXPENSES, DAMAGES AND CLAIMS, INCLUDING LEGAL FEES, INCURRED BY THE AGENT OR ANY BANK WITH RESPECT TO SUCH LIABILITIES.

17. NOTICES.

All notices and other communications made or required to be given pursuant to this Trademark Agreement shall be in writing and shall be delivered in hand, mailed by United States registered or certified first-class mail, postage prepaid, or sent by telegraph, teletype or telex and confirmed by delivery via courier or postal service, addressed as follows:

(a) if to the Pledgor, at 2470 Palumbo Drive, Lexington, Kentucky 40509, Attention: David R. Smith, President, or at such other address for notice as the Pledgor shall last have furnished in writing to the person giving the notice; and

(b) if to the Agent, at 100 Federal Street, Boston, Massachusetts 02110, USA, Attention: Christopher Holtz, Vice President, or at such other address for notice as the Agent shall last have furnished in writing to the person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer, (ii) if sent by registered or certified first-class mail, postage prepaid, two (2) Business Days after the posting thereof, and (iii) if sent by telegraph, teletype, or telex, at the time of the dispatch thereof, if in normal business hours in the country of receipt, or otherwise at the opening of business on the following Business Day.

18. AMENDMENT AND WAIVER.

This Trademark Agreement is subject to modification only by a writing signed by the Agent (with the consent of the Majority Banks) and the Pledgor, except as provided in §6.2. The Agent shall not be deemed to have waived any right hereunder unless such waiver shall be in writing and signed by the Agent and the Majority Banks. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

19. GOVERNING LAW; CONSENT TO JURISDICTION.

THIS TRADEMARK AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. The Pledgor agrees that any suit for the enforcement of this Trademark Agreement may be brought in the courts of the Commonwealth of Massachusetts or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Pledgor by mail at the address specified in §17. The Pledgor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

20. WAIVER OF JURY TRIAL.

EACH OF THE PLEDGOR AND THE AGENT WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS TRADEMARK AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Pledgor waives any right which 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 of the Pledgor and the Agent (i) certifies that no representative, agent or attorney of any Person has represented, expressly or otherwise, that such Person would not, in the event of litigation, seek to enforce the foregoing waivers, and (ii) acknowledges that, in entering into the Credit Agreement and the other Loan Documents to which the Agent or any Bank is a party, each such Person is relying upon, among other things, the waivers and certifications contained in this §20.

21. MISCELLANEOUS.

The headings of each section of this Trademark Agreement are for convenience only and shall not define or limit the provisions thereof. This Trademark Agreement and all rights and obligations hereunder shall be binding upon the Pledgor and its respective successors and assigns, and shall inure to the benefit of the Agent, the Banks and their respective successors and assigns. In the event of any irreconcilable conflict between the provisions of this Trademark Agreement and the Credit Agreement, or between this Trademark Agreement and the Security Agreement, the provisions of the Credit Agreement or the Security Agreement, as the case may be, shall control. If any term of this Trademark Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Trademark Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Pledgor acknowledges receipt of a copy of this Trademark Agreement.

SCHEDULE A

Trademarks and Trademark Registrations

Trademark or <u>Service Mark</u>	Registrations – United States Patent and Trademark Office	
	<u>Registration No.</u>	<u>Registration Date</u>
FAZOLI'S ITALIAN FOOD...FAST	1565210	11/07/1989
FAZOLI'S ITALIAN FOOD...FAST	1757441	03/09/1993
FAZOLI'S (stylized)	1801207	10/26/1993
REAL ITALIAN. REAL FAST.	1819276	02/01/1994
TOWER DESIGN	1940398	12/12/1994
BUILDING CONFIGURATION DESIGN	1984926	07/09/1996
BELLA NOTTE	2070880	06/10/1997

Trademark or <u>Service Mark</u>	Pending Applications – United States Patent and Trademark Office	
	<u>Application No.</u>	<u>Date</u>
PASTA FASTA	75-164198	09/11/1996
BUILDING CONFIGURATION DESIGN	75-301367	06/02/1997
SUBMARINOS	75-321646	07/09/1997
SUBMARINOS (stylized)	75-357212	09/15/1997
LA NONNINA'S KITCHEN	75-377872	10/23/1997
PIZZARINOS	75-436258	02/18/1998
NINA'S HOME KITCHEN	75-551261	09/11/1998

<u>Trademark</u> or <u>Service Mark</u>	<u>Registration No.</u>	<u>Country</u>
FAZOLI'S	Pending	China
FAZOLI'S (and design)	Pending	China
FAZOLI'S	550/1995	Hong Kong
FAZOLI'S Italian Food...Fast (design)	Pending	Hong Kong
FAZOLI'S	Pending	Indonesia
FAZOLI'S Italian Food...Fast (design)	Pending	Indonesia
FAZOLI'S	Pending	Malaysia
FAZOLI'S Italian Food...Fast (design)	Pending	Malaysia
FAZOLI'S	Pending	Philippines
FAZOLI'S Italian Food...Fast (design)	Pending	Philippines
FAZOLI'S	994892	Singapore
FAZOLI'S Italian Food...Fast (design)	Pending	Singapore
FAZOLI'S	Published	Taiwan
FAZOLI'S Italian Food...Fast (design)	Published	Taiwan
FAZOLI'S	Published	Thailand
FAZOLI'S Italian Food...Fast (design)	Published	Thailand
FAZOLI'S Italian Food...Fast (design)	795821	Canada*
*Opposition proceeding in process.		
FAZOLI'S*	Pending	Korea (South)
*Opposition proceeding in process.		

SCHEDULE B

Exceptions to Representations and Warranties

I. Litigation, Claims, Etc.

1. There are no current infringement matters by others against the Pledgor.
2. There are no "Ordinary course", material infringements/disputes.
3. There are no material settlement agreements from prior disputes or litigation, which may include covenants not to sue.

II. Franchises/Licenses.

1. Pledgor has entered into and will enter into franchise agreements in the ordinary course of its business, which agreements include licenses of the Pledgor's Trademarks.

III. Foreign Trademarks and Registrations.

1. Pledgor has not yet used its Trademarks in any foreign countries, and Pledgor's foreign Trademark Registrations may therefore be susceptible to cancellation or expungement for non-use.

EXHIBIT 1

ASSIGNMENT OF TRADEMARKS AND SERVICE MARKS (U.S.)

WHEREAS, Fazoli's Management, Inc., a corporation organized and existing under the laws of the State of Kentucky, having a place of business at 2470 Palumbo Drive, Lexington, Kentucky, 40509 (the "Pledgor"), has adopted and used and is using the trademarks and service marks (the "Marks") identified on the Annex hereto, and is the owner of the registrations of and pending registration applications for such Marks in the United States Patent and Trademark Office identified on such Annex; and

WHEREAS, _____, a _____ organized and existing under the laws of the State or Commonwealth of _____, having a place of business at _____ (the "Assignee"), is desirous of acquiring the Marks and the registrations thereof and registration applications therefor;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Pledgor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Marks, together with (i) the registrations of and registration applications for the Marks, (ii) the goodwill of the business symbolized by and associated with the Marks and the registrations thereof, and (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Marks or the registrations thereof or such associated goodwill.

This Assignment of Trademarks and Service Marks (U.S.) is intended to and shall take effect as a sealed instrument at such time as the Pledgor (or the Pledgor's duly appointed attorney-in-fact) or the Assignee shall complete this instrument by inserting the Assignee's name in the second paragraph above and having the Assignee sign its acceptance of this Assignment of Trademarks and Service Marks (U.S.) below.

IN WITNESS WHEREOF, the Pledgor, by its duly authorized officer or duly appointed attorney-in-fact, has executed this assignment, as an instrument under seal, on this ___ day of _____, _____.

FAZOLI'S MANAGEMENT, INC.

By: _____
 Name: David R. Smith
 Title: Vice President, Finance

The foregoing assignment of the Marks and the registrations thereof and registration applications therefor by the Pledgor to the Assignee is hereby accepted as of the ___ day of _____, _____.

By: _____
 Name:
 Title:

COMMONWEALTH OF MASSACHUSETTS)
) ss.
 COUNTY OF SUFFOLK)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this ___ day of March, 1999, personally appeared David R. Smith to me known personally, and who, being by me duly sworn, deposes and says that he is the Vice President, Finance of Fazoli's Management, Inc. and that being duly authorized (s)he signed such instrument as a free act on behalf of Fazoli's Management, Inc.

 Notary Public
 My commission expires:

ANNEX

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