

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
TANEKO JAPANESE TAVERN, INC.	FORMERLY PFCCB Concept I	08/04/2006	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	JPMORGAN CHASE BANK, N.A.		
<b>Street Address:</b>	201 North Central Avenue		
<b>Internal Address:</b>	Commercial Banking AZ1-1178		
<b>City:</b>	Phoenix		
<b>State/Country:</b>	ARIZONA		
<b>Postal Code:</b>	85004		
<b>Entity Type:</b>	National Association: ARIZONA		
<b>PROPERTY NUMBERS Total: 3</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Serial Number:</b>	78572641	TANEKO TAVERN	
<b>Serial Number:</b>	78669434	TANEKO JAPANESE TAVERN	
<b>Serial Number:</b>	78911596	TANEKO JAPANESE TAVERN	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(602)229-5690		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	602-229-5228		
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<b>Correspondent Name:</b>	Heather L. Buchta, Esq.		
<b>Address Line 1:</b>	Two North Central Avenue		
<b>Address Line 2:</b>	One Renaissance Square		
<b>Address Line 4:</b>	Phoenix, ARIZONA 85004-2391		
<b>ATTORNEY DOCKET NUMBER:</b>	033578.00092		

CH \$90.00 78572641

NAME OF SUBMITTER:	Heather L. Buchta
Signature:	/Heather L. Buchta/
Date:	08/09/2006

**Total Attachments: 20**

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**PLEDGE AND SECURITY AGREEMENT  
(Taneko Japanese Tavern, Inc.)**

THIS PLEDGE AND SECURITY AGREEMENT is entered into as of August 4, 2006, by and between TANEKO JAPANESE TAVERN, INC., a Delaware corporation fka PFCCB Concept I, a Delaware corporation (the "Debtor"), and JPMORGAN CHASE BANK, N.A., in its capacity as Administrative Agent (the "Agent") for the lenders party to the Credit Agreement referred to below ("Lender").

**PRELIMINARY STATEMENT**

P.F. CHANG'S CHINA BISTRO, INC., a Delaware corporation (the "Borrower"), JPMORGAN CHASE BANK, N.A., as Administrative Agent and the Lenders are entering into a Credit Agreement dated as of August 4, 2006 (as it may be amended or modified from time to time, the "Credit Agreement"). The Debtor is entering into this Pledge and Security Agreement (as it may be amended or modified from time to time, the "Security Agreement") in order to induce the Lenders to enter into and extend credit to the Borrower under the Credit Agreement.

ACCORDINGLY, the Debtor and the Agent, on behalf of the Lenders, hereby agree as follows:

**ARTICLE I**

**DEFINITIONS**

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

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

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

"Accounts" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Arizona UCC" means the Arizona Uniform Commercial Code as in effect from time to time.

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

"Chattel Paper" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Collateral" means all Accounts, Chattel Paper, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Instruments, Inventory, Investment Property, Pledged Deposits, and Other Collateral, wherever located, in which the Debtor now has or hereafter acquires any right or interest, and the proceeds (including Stock Rights), insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto. Collateral shall not include any leasehold interest held by the Debtor. Notwithstanding the foregoing, the Collateral shall exclude those assets whose relative value to the Lenders does not justify the cost and/or effort required to perfect a security interest in such assets, as determined by the Administrative Agent in its reasonable discretion.

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the Arizona UCC.

"Default" means an event described in Section 5.1.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Documents" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Equipment" shall have the meaning set forth in Article 9 of the Arizona UCC.

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

"Farm Products" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Fixtures" shall have the meaning set forth in Article 9 of the Arizona UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Instruments" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Inventory" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Investment Property" shall have the meaning set forth in Article 9 of the Arizona UCC.

"Lenders" means the lenders party to the Credit Agreement and their successors and assigns.

"Obligations" means any and all existing and future indebtedness, obligation and liability of every kind, nature and character, direct or indirect, absolute or contingent (including all renewals, extensions and modifications thereof and all fees, costs and expenses incurred by the Agent or the Lenders in connection with the preparation, administration, collection or enforcement thereof), of the Borrower to the Agent or any Lender or any branch, subsidiary or affiliate thereof, arising under or pursuant to this Security Agreement, the Credit Agreement and any promissory note or notes now or hereafter issued under the Credit Agreement.

"Other Collateral" means any property of the Debtor, other than real estate, not included within the defined terms Accounts, Chattel Paper, Commercial Tort Claims, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Instruments, Inventory, Investment Property, and Pledged Deposits, including, without limitation, all cash on hand, letter-of-credit rights, letters of credit, Stock Rights and Deposit Accounts or other deposits (general or special, time or demand, provisional or final) with any bank or other financial institution, it being intended that the Collateral include all property of the Debtor other than real estate. Notwithstanding the foregoing, the Other Collateral shall exclude those assets whose relative value to the Lenders does not justify the cost and/or effort required to perfect a security interest in such assets, as determined by the Administrative Agent in its reasonable discretion.

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

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Debtor and any Lender or Affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Rate Management Obligations" means any and all obligations of the Debtor, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

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

"Required Secured Parties" means the Required Lenders.

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

"Secured Obligations" means the Obligations and Rate Management Obligations entered into with one or more of the Lenders or their Affiliates.

"Security" has the meaning set forth in Article 8 of the Arizona UCC.

"Stock Rights" means any securities, dividends or other distributions and any other right or property which the Debtor shall receive or shall become entitled to receive for any reason

whatsoever with respect to, in substitution for or in exchange for any securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral and any securities, any right to receive securities and any right to receive earnings, in which the Debtor now has or hereafter acquires any right, issued by an issuer of such securities.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

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

## **ARTICLE II**

### **GRANT OF SECURITY INTEREST**

The Debtor hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Lenders and (to the extent specifically provided herein) their Affiliates, a security interest in all of the Debtor's right, title and interest in and to the Collateral to secure the prompt and complete payment and performance of the Secured Obligations.

## **ARTICLE III**

### **REPRESENTATIONS AND WARRANTIES**

The Debtor represents and warrants to the Agent and the Lenders that:

3.1 Title, Authorization, Validity and Enforceability. The Debtor has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1.6, and has full power and authority to grant to the Agent the security interest in such Collateral pursuant hereto. The execution and delivery by the Debtor of this Security Agreement has been duly authorized by proper company proceedings, and this Security Agreement constitutes a legal, valid and binding obligation of the Debtor and creates a security interest which is enforceable against the Debtor in all now owned and hereafter acquired Collateral.

3.2 Conflicting Laws and Contracts. Neither the execution and delivery by the Debtor of this Security Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Debtor or the Debtor's articles or certificate of incorporation or bylaws, the provisions of any indenture, instrument or agreement to which the Debtor is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien pursuant to the terms of any such indenture, instrument or agreement (other than any Lien of the Agent on behalf of the Lenders, which violation, conflict or default would constitute a Material Adverse Effect).

3.3 Type and Jurisdiction of Organization. The Debtor is a corporation organized under the laws of the State of Delaware.

3.4 Principal Location. The Debtor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), are disclosed in Exhibit "A"; the Debtor has no other chief executive office except as set forth in Exhibit "A".

3.5 Property Locations. The Inventory, Equipment and Fixtures are located solely at the locations described in Exhibit "A". All of said locations are owned by the Debtor except for locations (i) which are leased by the Debtor as lessee and designated in Part B of Exhibit "A" and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part C of Exhibit "A", with respect to which Inventory the Debtor has delivered bailment agreements, warehouse receipts, financing statements or other documents satisfactory to the Lenders to protect the Agent's and the Lenders' security interest in such Inventory.

3.6 No Other Names. The Debtor has not conducted business under any name except the name in which it has executed this Security Agreement, which is the exact name as it appears in the Debtor's organizational documents, as amended, as filed with the Debtor's jurisdiction of organization.

3.7 No Default. No Default or Unmatured Default exists.

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

3.9 Filing Requirements. None of the Collateral is of a type for which security interests or liens may be perfected by filing under any federal statute except for patents, trademarks and copyrights held by the Debtor and described in Part C of Exhibit "B".

3.10 No Financing Statements. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming the Debtor as debtor has been filed in any jurisdiction except financing statements naming the Agent on behalf of the Lenders as the secured party, and except for any financing statements in connection with any Liens permitted under Section 4.1.6.

3.11 Federal Employer Identification Number. The Debtor's Federal employer identification number is 20-3472643.

3.12 State Organization Number. If the Debtor is a registered organization, the Debtor's State organization number is 3924632.

## ARTICLE IV

### COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated:

#### 4.1 General.

4.1.1 Inspection. The Debtor will permit the Agent or any Lender, by its representatives and agents (i) to inspect the Collateral, (ii) to examine and make copies of the records of the Debtor relating to the Collateral and (iii) to discuss the Collateral and the related records of the Debtor with, and to be advised as to the same by, the Debtor's officers and employees (and, in the case of any Receivable, with any person or entity which is or may be obligated thereon), all at such reasonable times and intervals as the Agent or such Lender may reasonably determine, and all at the Debtor's expense.

4.1.2 Taxes. The Debtor will pay when due all taxes, assessments and governmental charges and levies upon the Collateral, except those which are being contested in good faith by appropriate proceedings.

4.1.3 Records and Reports; Notification of Default. The Debtor will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Agent, with sufficient copies for each of the Lenders, such reports relating to the Collateral as the Agent shall from time to time reasonably request. The Debtor will give prompt notice in writing to the Agent and the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which might materially and adversely affect the Collateral.

4.1.4 Financing Statements and Other Actions; Defense of Title. The Debtor hereby authorizes the Agent to file, and if requested will execute and deliver to the Agent, all financing statements and other documents and take such other actions as may from time to time be reasonably requested by the Agent in order to maintain a first perfected security interest in and, if applicable, Control of, the Collateral. The Debtor will take any and all actions reasonably necessary to defend title to the Collateral against all persons and to defend the security interest of the Agent in the Collateral and the priority thereof against any Lien not expressly permitted hereunder.

4.1.5 Disposition of Collateral. The Debtor will not sell, lease or otherwise dispose of the Collateral except (i) prior to the occurrence of a Default or Unmatured Default, dispositions specifically permitted pursuant to the Credit Agreement, (ii) until such time following the occurrence of a Default as the Debtor receives a notice from the Agent instructing the Debtor to cease such transactions, sales or leases of Inventory in the ordinary course of business, and (iii) until such time as the Debtor receives a notice from the Agent pursuant to Article VII, proceeds of Inventory and Accounts collected in the ordinary course of business.

4.1.6 Liens. The Debtor will not create, incur, or suffer to exist any Lien on the Collateral except (i) the security interest created by this Security Agreement, (ii) existing Liens



described in the Credit Agreement, and (iii) other Liens permitted pursuant to the Credit Agreement.

4.1.7 Change in Corporate Existence, Type or Jurisdiction of Organization, Location, Name. Except as otherwise permitted under the Credit Agreement, the Debtor will:

(a) preserve its existence as a corporation and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets;

(b) not change its state of organization;

(c) not maintain its place of business (if it has only one) or its chief executive office (if it has more than one place of business) at a location other than a location specified on Exhibit "A;" and

(d) not (i) have any Inventory, Equipment or Fixtures or proceeds or products thereof (other than Inventory and proceeds thereof disposed of as permitted by Section 4.1.5) at a location other than a location specified in Exhibit "A", (ii) change its name or taxpayer identification number or (iii) change its mailing address,

unless the Debtor shall have given the Agent not less than 30 days' prior written notice of such event or occurrence and the Agent shall have either (x) determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Agent's security interest in the Collateral, or (y) taken such steps (with the cooperation of the Debtor to the extent necessary or advisable) as are necessary or advisable to properly maintain the validity, perfection and priority of the Agent's security interest in the Collateral.

4.1.8 Other Financing Statements. The Debtor will not sign or authorize the signing on its behalf or the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except as permitted by Section 4.1.6.

4.2 Receivables.

4.2.1 Certain Agreements on Receivables. The Debtor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of a Default, the Debtor may reduce the amount of Accounts arising from the sale of Inventory in accordance with its present policies and in the ordinary course of business.

4.2.2 Collection of Receivables. Except as otherwise provided in this Security Agreement, the Debtor will collect and enforce, at the Debtor's sole expense, all amounts due or hereafter due to the Debtor under the Receivables.

4.2.3 Delivery of Invoices. The Debtor will deliver to the Agent immediately upon its request after the occurrence of a Default duplicate invoices with respect to each Account bearing such language of assignment as the Agent shall specify.

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

4.3 Inventory and Equipment.

4.3.1 Maintenance of Goods. The Debtor will do all things reasonably necessary to maintain, preserve, protect and keep the Inventory and the Equipment in good repair and working and saleable condition.

4.3.2 Insurance. The Debtor will (i) maintain fire and extended coverage insurance on the Inventory and Equipment containing a lender's loss payable clause in favor of the Agent, on behalf of the Lenders, and providing that said insurance will not be terminated except after at least 30 days' written notice from the insurance company to the Agent, (ii) maintain such other insurance on the Collateral for the benefit of the Agent as the Agent shall from time to time reasonably request, (iii) furnish to the Agent upon the reasonable request of the Agent from time to time the originals of all policies of insurance on the Collateral and certificates with respect to such insurance and (iv) maintain general liability insurance naming the Agent, on behalf of the Lenders, as an additional insured.

## ARTICLE V

### DEFAULT

5.1 The occurrence of any one or more of the following events shall constitute a Default:

5.1.1 Any material representation or warranty made by or on behalf of the Debtor under or in connection with this Security Agreement shall be materially false as of the date on which made.

5.1.2 The breach by the Debtor of any of the terms or provisions of Article IV or Article VII which is not remedied within ten (10) days after the giving of written notice to the Debtor by the Agent.

5.1.3 The breach by the Debtor (other than a breach which constitutes a Default under Section 5.1.1 or 5.1.2) of any of the material terms or provisions of this Security Agreement which is not remedied within thirty (30) days after the giving of written notice to the Debtor by the Agent.

5.1.4 Any material portion of the Collateral shall be transferred or otherwise disposed of, either voluntarily or involuntarily, in any manner not permitted by Section 4.1.5 or 8.7 or shall be lost, stolen, damaged or destroyed that is not covered by insurance or otherwise replaced.

5.1.5 The occurrence of any "Default" under, and as defined in, the Credit Agreement.

5.2 Acceleration and Remedies. Upon the acceleration of the obligations under the Credit Agreement pursuant to Article VII thereof, the Obligations and, to the extent provided for under the Rate Management Transactions evidencing the same, the Rate Management Obligations, shall immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and the Agent may, with the concurrence or at the direction of the Required Secured Parties, exercise any or all of the following rights and remedies:

5.2.1 Those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Credit Document, provided that this Section 5.2.1 shall not be understood to limit any rights or remedies available to the Agent and the Lenders prior to a Default.

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

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

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

If, after the Credit Agreement has terminated by its terms and all of the Obligations have been paid in full, there remain Rate Management Obligations outstanding, the Required Secured Parties may exercise the remedies provided in this Section 5.2 upon the occurrence of any event which would allow or require the termination or acceleration of any Rate Management Obligations pursuant to the terms of the agreement governing any Rate Management Transaction.

5.3 Debtor's Obligations Upon Default. Upon the request of the Agent after the occurrence of a Default and during the continuance of a Default, the Debtor will:

5.3.1 Assembly of Collateral. Assemble and make available to the Agent the Collateral and all records relating thereto at any place or places reasonably specified by the Agent.

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

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

## ARTICLE VI

### WAIVERS, AMENDMENTS AND REMEDIES

No delay or omission of the Agent or any Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Agent with the concurrence or at the direction of the Lenders required under Section 9.02 of the Credit Agreement and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Secured Obligations have been paid in full.

## ARTICLE VII

### PROCEEDS; COLLECTION OF RECEIVABLES

7.1 Lockboxes. Upon request of the Agent after the occurrence of a Default or Unmatured Default, the Debtor shall execute and deliver to the Agent irrevocable lockbox agreements in the form provided by or otherwise acceptable to the Agent, which agreements shall be accompanied by an acknowledgment by the bank where the lockbox is located of the Lien of the Agent granted hereunder and of irrevocable instructions to wire all amounts collected therein to a special collateral account at the Agent.

7.2 Collection of Receivables. The Agent may at any time after the occurrence of a Default, by giving the Debtor written notice, elect to require that the Receivables be paid directly to the Agent for the benefit of the Lenders. In such event, the Debtor shall, and shall permit the Agent to, promptly notify the account debtors or obligors under the Receivables of the Lenders' interest therein and direct such account debtors or obligors to make payment of all amounts then or thereafter due under the Receivables directly to the Agent. Upon receipt of any such notice from the Agent, the Debtor shall thereafter hold in trust for the Agent, on behalf of the Lenders, all amounts and proceeds received by it with respect to the Receivables and Other Collateral and immediately and at all times thereafter deliver to the Agent all such amounts and proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements. The Agent shall hold and apply funds so received as provided by the terms of Sections 7.3 and 7.4.

7.3 Special Collateral Account. The Agent may, at any time after the occurrence of a Default, require all cash proceeds of the Collateral to be deposited in a special non-interest bearing cash collateral account with the Agent and held there as security for the Secured Obligations. The Debtor shall have no control whatsoever over said cash collateral account. If no Default is continuing, the Agent shall from time to time deposit the collected balances in said cash collateral account into the Debtor's general operating account with the Agent. If any Default has occurred and is continuing, the Agent may (and shall, at the direction of the Required Lenders, from time to time, apply the collected balances in said cash collateral account to the payment of the Secured Obligations whether or not the Secured Obligations shall then be due.

7.4 Application of Proceeds. The proceeds of the Collateral shall be applied by the Agent to payment of the Secured Obligations in the following order unless a court of competent jurisdiction shall otherwise direct:

- (a) FIRST, to payment of all costs and expenses of the Agent incurred in connection with the collection and enforcement of the Secured Obligations or of the security interest granted to the Agent pursuant to this Security Agreement;
- (b) SECOND, to payment of that portion of the Secured Obligations constituting accrued and unpaid interest and fees, pro rata among the Lenders and their Affiliates in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(c) THIRD, to payment of the principal of the Secured Obligations and the net early termination payments and any other Rate Management Obligations then due and unpaid from the Debtor to any of the Lenders or their Affiliates, pro rata among the Lenders and their Affiliates in accordance with the amount of such principal and such net early termination payments and other Rate Management Obligations then due and unpaid owing to each of them;

(d) FOURTH, to payment of any Secured Obligations (other than those listed above) pro rata among those parties to whom such Secured Obligations are due in accordance with the amounts owing to each of them; and

(e) FIFTH, the balance, if any, after all of the Secured Obligations have been satisfied, shall be deposited by the Agent into the Debtor's general operating account with the Agent.

## ARTICLE VIII

### GENERAL PROVISIONS

8.1 Notice of Disposition of Collateral; Condition of Collateral. The Debtor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Debtor, addressed as set forth in Article IX, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

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

8.3 Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Agent may perform or pay any obligation which the Debtor has agreed to perform or pay in this Security Agreement if the Debtor fails to timely pay such obligations and the Debtor shall reimburse the Agent for any amounts paid by the Agent pursuant to this Section 8.3. The Debtor's obligation to reimburse the Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.4 Authorization for Secured Party to Take Certain Action. The Debtor irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent and appoints the Agent as its attorney in fact (i) to execute on behalf of the Debtor as debtor and to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the Agent's security interest in the Collateral, (ii) to indorse and collect any cash proceeds of the Collateral upon a Default, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Collateral and which are Securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Agent Control over such Securities or other Investment Property, (v) to enforce payment of the Receivables in the name of the Agent or the Debtor, (vi) to apply the proceeds of any Collateral received by the Agent to the Secured Obligations as provided in Article VII, and (vii) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), and the Debtor agrees to reimburse the Agent on demand for any payment made or any expense incurred by the Agent in connection therewith, provided that this authorization shall not relieve the Debtor of any of its obligations under this Security Agreement or under the Credit Agreement.

8.5 Specific Performance of Certain Covenants. The Debtor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1.5, 4.1.6, 5.3, or 8.7 or in Article VII will cause irreparable injury to the Agent and the Lenders, that the Agent and Lenders have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Agent or the Lenders to seek and obtain specific performance of other obligations of the Debtor contained in this Security Agreement, that the covenants of the Debtor contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Debtor.

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

8.7 Dispositions Not Authorized. The Debtor is not authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1.5 and notwithstanding any course of dealing between the Debtor and the Agent or other conduct of the Agent, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1.5) shall be binding upon the Agent or the Lenders unless such authorization is in writing signed by the Agent with the consent or at the direction of the Required Lenders.

8.8 Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Debtor, the Agent and the Lenders and their

respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Debtor shall not have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Agent.

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

8.10 Taxes and Expenses. Any taxes (including income taxes) payable or finally ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Debtor, together with interest and penalties, if any. The Debtor shall reimburse the Agent for any and all out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Agent) paid or incurred by the Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Debtor in the performance of actions required pursuant to the terms hereof shall be borne solely by the Debtor.

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

8.12 Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms and (ii) all of the Secured Obligations have been indefeasibly paid and performed in full and no commitments of the Agent or the Lenders which would give rise to any Secured Obligations are outstanding.

8.13 Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Debtor and the Agent relating to the Collateral and supersedes all prior agreements and understandings between the Debtor and the Agent relating to the Collateral.

8.14 CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ARIZONA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

8.15 Non-Borrower Provisions.

(a) All advances of principal under the Note shall be made to Borrower subject to and in accordance with the terms thereof. It is not necessary for the Agent or the Lenders to inquire into the powers of Borrower or the officers, directors, partners or agents acting or purporting to act on its behalf. Debtor is and shall continue to be fully informed as to all aspects of the business affairs of Borrower that it deems relevant to the risks it is assuming and hereby



waives and fully discharges the Agent and the Lenders from any and all obligations to communicate to Debtor any facts of any nature whatsoever regarding Borrower and Borrower's business affairs.

(b) Debtor authorizes Lender, without notice or demand, without affecting the obligations of Debtor hereunder or the personal liability of any person for payment or performance of the Secured Obligations and without affecting the lien or the priority of the security interest, from time to time, at the request of any person primarily obligated therefor, to renew, compromise, extend, accelerate or otherwise change the time for payment or performance of, or otherwise change the terms of, all or any part of the Secured Obligations, including increase or decrease any rate of interest thereon. Debtor waives and agrees not to assert: (i) any right to require the Agent and the Lenders to proceed against Borrower; (ii) the benefits of any statutory provision limiting the liability of a surety, including without limitation the benefit of Section 12-1641, *et seq.*, of the Arizona Revised Statutes; and (iii) any defense arising by reason of any disability or other defense of Borrower or by reason of the cessation from any cause whatsoever of the liability of Borrower. Debtor shall have no right of subrogation and hereby waives any right to enforce any remedy which the Agent and the Lenders now have, or may hereafter have, against Borrower.

## **ARTICLE IX**

### **NOTICES**

9.1 **Sending Notices.** Any notice required or permitted to be given under this Security Agreement shall be sent (and deemed received) in the manner and to the addresses set forth in the Credit Agreement.

9.2 **Change in Address for Notices.** Each of the Debtor, the Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other parties.


## **ARTICLE X**

### **THE AGENT**

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

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

TANEKO JAPANESE TAVERN, INC., a  
Delaware corporation

BY:   
Name: Richard L. Federico  
Title: President / CEO

JPMORGAN CHASE BANK, N.A., as  
Administrative Agent

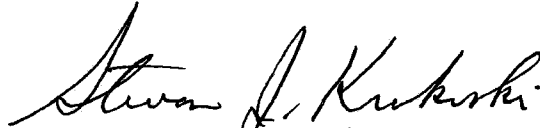
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

TANEKO JAPANESE TAVERN, INC., a  
Delaware corporation

BY: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

JPMORGAN CHASE BANK, N.A., as  
Administrative Agent

By:  \_\_\_\_\_  
Name: Steven J. Krakuski  
Title: Senior Vice President

**EXHIBIT "A"**

(See Sections 3.4, 3.5 and 4.1.7 of Security Agreement)

Place of Business (if it has only one) or Chief Executive Office (if more than one place of business) and Mailing Address:

7676 East Pinnacle Peak Road  
Scottsdale, Arizona 85255

Locations of Inventory and Equipment and Fixtures:

A. Real Properties Owned by the Debtor:

None

B. Real Properties Leased by the Debtor (Include Landlord's Name):

6166 North Scottsdale Road, Suite 601  
Scottsdale, AZ 85253  
(Opening October 2006)

C. Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements (include name of Warehouse Operator or other Bailee or Consignee):

None

**EXHIBIT "B"**

(See Section 3.9 of Security Agreement)

- A. [Intentionally left blank.]
- B. [Intentionally left blank.]
- C. Patents, copyrights, trademarks protected under federal law:

PFCCB Administration	Serial No.	Mark	Status
Federal Trademark	78/455258	PEI WEI ASIAN DINER & Design	Registered
Federal Trademark	78/826263	P.F. CHANG'S	Pending
Federal Trademark	78/826259	PEI WEI ASIAN DINER & Design	Pending
Federal Trademark	78/702673	Design only (picture of inside of restaurant)	Pending
Federal Trademark	76/067762	Design only	Registered
Federal Trademark	76/067761	PEI WEI ASIAN DINER & Design	Registered
Federal Trademark	76/067556	PEI WEI	Registered
Federal Trademark	74/410470	P.F. CHANG'S CHINA BISTRO & Design	Renewed
Canadian TM	CA129578200	P.F. CHANG'S CHINA BISTRO	Pending
Canadian TM	CA123527000	PEI WEI ASIAN DINER	Allowed
Canadian TM	CA123526900	PEI WEI	Allowed

P.F. Chang's China Bistro, Inc.	Serial No.	Mark	Status
European Community	EC001884147	P.F. CHANG'S CHINA BISTRO & Design	Registered
European Community	EC002404085	PEI WEI ASIAN DINER	Registered
European Community	EC002404127	Design only	Registered
European Community	EC002406130	PEI WEI	Registered
Germany	90-34185-01	Design Only	Registered
Mexico	758584	PEI WEI ASIAN DINER & Design	Registered
Mexico	730312	PEI WEI	Registered
Mexico	731867	Design of Bowl Man	Registered
New Zealand	646707	Design of Bowl Man	Registered
New Zealand	646706	PEI WEI & Design	Registered
New Zealand	646796	PEI WEI	Registered

PFCCB New Concept 1 (or I)	Serial No.	Mark	Status
Federal Trademark	78/911569	TANEKO JAPANESE TAVERN (Stylized)	Pending
Federal Trademark	78/572641	TANEKO TAVERN	Allowed
Federal Trademark	78/669434	TANEKO JAPANESE TAVERN	Allowed

Common Law References	Serial No.	Mark	Status
	BN108344250	PF CHANGS CHINA BISTRO INC	
	BN118922908	PF CHANGS CHINA BISTRO	
	BN112273249	PF CHANGS CHINA BISTRO	
	BN102269331	PF CHANG'S CHINA BISTRO	
	BN97933049	PF CHANG'S CHINA BISTRO	
	BN118668195	PF CHANG'S CHINA BISTRO	
	BN113605154	P F CHANGS CHINA BISTRO INC	
	BN111842085	P F CHANGS CHINA BISTRO	
	BN110601736	P F CHANGS CHINA BISTRO	

Common Law References	Serial No.	Mark	Status
	BN110413297	P F CHANG'S CHINA BISTRO INC	
	BN112004276	P F CHANG'S CHINA BISTRO	
	BN96291591	P F CHANG'S CHINA BISTRO	
	BN97310397	P F CHANG'S CHINA BISTRO	
	BN111899389	PEI WEI ASIAN DINNER	
	BN98609415	PEI WEI ASIAN DINER-THE SUMMIT	
	BN93564180	PEI WEI ASIAN DINER-GRAYHAWK PLAZA	
	BN93564179	PEI WEI ASIAN DINER SHOPS AT GAINNEY RANCH	
	BN118204178	PEI WEI ASIAN DINER	
	BN104242080	PEI WEI ASIAN DINER	
	BN117139922	PEI WEI ASIAN DINER	
	BN110068737	PEI WEI ASIA DINER	