

EXHIBIT B
DEVELOPMENT AGREEMENT

**SFO FRANCHISE DEVELOPMENT LTD.
DEVELOPMENT AGREEMENT**

DEVELOPER

DATE _____

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ATTACHMENTS:

- A - FRANCHISE AGREEMENT
- B - CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE
- C - STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS
- D - DEVELOPMENT SCHEDULE

SFO FRANCHISE DEVELOPMENT LTD.

DEVELOPMENT AGREEMENT

This Development Agreement (the "Agreement") is made and entered into by and between **SFO Franchise Development Ltd.**, an Ohio limited liability company, having its principal place of business at 9150 South Hills Blvd., Suite 225, Cleveland, Ohio 44147 ("Franchisor"); and _____, an _____, having its principal place of business at _____, an _____ ("Developer"); and _____, an _____, having its principal place of business at _____ ("Controlling Principal", or collectively, "Controlling Principals") on the date this Agreement is executed by Franchisor below (the "Effective Date").

WITNESSETH:

WHEREAS, as the result of the expenditure of time, skill, effort and money, Franchisor has developed and owns a unique and distinctive system (hereinafter "System") relating to the establishment and operation of restaurants specializing in the sale of brick oven pizza, soup, salad & sandwiches, prepared in accordance with Franchisor's recipes and specifications (hereinafter, "SFO Restaurants" or "Franchised businesses");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; secret recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, emblems and indicia of origin, including, but not limited to, the Marks "San Francisco Oven" and such other trade names, service marks and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter collectively referred to as "Marks"), which Marks are licensed to Franchisor under a perpetual license agreement;

WHEREAS, Franchisor continues to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, Developer wishes to obtain certain development rights to operate restaurants under the System in the Territory described in this Agreement;

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

I. DEFINITIONS. For purposes of this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings. Other terms not specifically set forth below are defined within the text of this Agreement and shall have the meanings respectively ascribed to them.

A. Affiliate. With respect to either the Developer or the Franchisor, the term "Affiliate" shall mean any entity that is controlled by, controlling or under common control with such party.

B. Competitive Business. A "Competitive Business" shall mean a restaurant or deli businesses which offers and sells pizza for on-premise consumption and the sale of pizza consumed on

premises constitutes more than thirty (30) percent of the gross revenues of the business, excluding the sale of beverages.

C. Controlling Interest. "Controlling Interest" in Developer shall mean:

1. If Developer is a corporation, that the Controlling Principal(s), either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Developer's issued and outstanding capital voting stock and (ii) are entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement; or

2. If Developer is a limited liability company, that the Controlling Principal(s), either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of all of Developer's ownership interests, and (ii) are entitled, under its Operating Agreement, similar governing documents, and any agreements among the members, to cast a sufficient number of votes to require such limited liability company to take or omit to take any action which such corporation is required to take or omit to take under this Agreement; or

3. If Developer is a partnership, that the Controlling Principal(s), either individually or collectively (i) own at least a fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least a fifty-one percent (51%) ownership interest in the partnership (and at least a fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner(s) or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

D. Controlling Principal(s). The term "Controlling Principal(s)" shall include, collectively and individually, any one or more of Developer's Principals who has been designated by Franchisor as a Controlling Principal hereunder. The initial Controlling Principal(s) shall be those persons or entities executing this Agreement as Controlling Principal(s).

E. Developer's Principals. The term "Developer's Principals" shall include, collectively and individually, Developer's spouse, if Developer is an individual, all officers and directors of Developer (including the officers and directors of any entity which is a general partner of Developer) and all holders of an ownership interest in Developer or in any entity directly or indirectly controlling Developer. The initial Developer's Principals shall be those persons and entities listed on Attachment C.

F. Development Period. The "Development Period" shall mean that period of time during which Developer develops, builds and otherwise performs all such activities necessary to open and commence operations of an SFO Restaurant. The Development Period for each SFO Restaurant to be developed hereunder shall commence on the effective date of this Agreement and end on the date Developer is to have had open and in operation such Restaurant according to either the Development Schedule.

G. Development Schedule. The "Development Schedule" shall mean the Schedule contained in Attachment D hereto specifying the Territory and number of SFO Restaurants to be established and operated by Developer pursuant to the Development Rights granted herein and the corresponding dates by which each respective Restaurant is to be opened.

H. Franchise Agreement. A "Franchise Agreement" shall mean the Agreement contained in Attachment A hereof provided, that such Agreement may be modified from time to time during the term of this Agreement, but only to the extent necessary in order for the Franchise Agreement to conform to requirements mandated by state or federal law.

I. Indemnifiable losses and expenses. The phrase "indemnifiable losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, reasonable expenses and legal fees, court costs, settlement amounts, judgments, and other such amounts directly incurred in connection with the matters described and payable to third parties.

J. Manuals. The term "Manuals" shall mean, collectively, Franchisor's written directives and materials pertaining to the operation of a SFO Restaurant including, without limitation, operations, administration, marketing, advertising, store development, and customer service, as defined in the Franchise Agreement and as such may be issued, augmented or amended from time to time.

K. Operating Principal. Developer's "Operating Principal" shall be a Controlling Principal designated and retained by Developer who shall supervise and conduct the business contemplated by this Agreement.

L. Publicly Held Corporation. A Publicly Held Corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

M. Reserved Area. A "Reserved Area" is defined as any area of food courts (other than in retail shopping malls), airports, hospitals, cafeterias, commissaries, schools, hotels and stadiums, arenas, ballparks, festivals, fairs and other mass gathering locations or events, and the premises of certain businesses that have an agreement with Franchisor for the placement of a Restaurant in more than one of their facilities ("National Accounts").

N. SFO System Agreements. The term "SFO System Agreements" shall mean this Agreement and any other agreement, including without limitation Franchise Agreement(s), between Developer or any of its Affiliates and Franchisor or any of its Affiliates.

O. Territory. The term "Territory" shall mean the geographical area or areas defined in this Agreement and contained in Attachment D hereto, within which rights to develop restaurants have been granted hereunder.

II. GRANT OF DEVELOPMENT RIGHTS.

A. Development Rights. In reliance on the representations and warranties of Developer and the Controlling Principal(s) hereunder, Franchisor hereby grants to Developer and Developer hereby accepts, pursuant to the terms and conditions of this Agreement, the right to develop the SFO Restaurants within the Territory described in the Development Schedule contained in Attachment D, in the manner prescribed, and in accordance with the prerequisites, conditions, and schedules contained in this Agreement.

B. Rights Exclusive to Developer. Developer acknowledges and understands that the rights granted hereunder pertain only to the development of SFO Restaurants located within the Territory. Except as otherwise provided in this Agreement, and subject to Developer's and Controlling Principal(s)' compliance with the provisions of all SFO System Agreements, Franchisor shall not establish or authorize any other person or entity, other than Developer, to establish an SFO Restaurant within the Territory during the term of this Agreement.

C. No Franchise Rights Granted. This Agreement is not and shall not be construed as a Franchise Agreement and does not grant to Developer any right or license to operate an SFO Restaurant, distribute any goods or services, or any right to use or interest in the Marks.

III. RIGHTS RETAINED BY FRANCHISOR. Notwithstanding the above, Franchisor shall retain the following rights:

A. Advertising and Promotion of the System. Franchisor, any of its franchisees and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, and fill customer orders by providing catering and delivery services in the Territory;

B. Sales of Collateral Products. Franchisor and its Affiliates may offer and sell (and may authorize others to offer and sell) collateral products under the Marks, at or from any location in the Territory, such as pre-packaged food and beverage products and San Francisco Oven memorabilia, provided, that all such products and memorabilia are of a quality consistent with or exceeding the quality of the products distributed by SFO Restaurants;

C. Reserved Areas. Notwithstanding the rights granted to Developer pursuant to this Agreement, Franchisor shall retain the right to develop SFO Restaurants within Reserved areas located within the Territory. However, prior to undertaking the development of an SFO Restaurant within such Reserved Area, Franchisor shall provide Developer written notice that such site is available and offer Developer a right of first refusal to establish such Restaurant at the proposed site, provided however, that if such site is located within an Airport, Hospital, College or University, it is not subject to a sub-lease, sub-license or any other agreement with a national outsourced food service provider with whom Franchisor has, or is offered, an agreement for the placement of SFO Restaurants in more than one of its facilities. Developer shall exercise its first refusal right by:

1. Notifying Franchisor in writing within thirty (30) days of its receipt of Franchisor's notice whether or not Developer desires to obtain the rights to develop an SFO Restaurant at the site; and
2. Executing a Franchise Agreement in accordance with the terms hereof to establish an SFO Restaurant at the site within ten (10) days after delivering notice to Franchisor of Developer's intent to exercise the right of first refusal.

Any Restaurant established by Developer in a Reserved area shall be in addition to the number of restaurants to be opened as set forth in the Development Schedule and shall not be considered as a restaurant developed pursuant to the Development Schedule. If for any reason, Developer does not exercise its right of first refusal as set forth above, Franchisor shall have the right to develop that site itself or through an Affiliate or another franchisee; provided that tenancy rights for the site (by Lease, Purchase or otherwise) are secured by such entity within one hundred twenty (120) days of Franchisor's initial notice to Developer of the availability of the site. In such event, the Primary Area of Responsibility (as defined in the Franchise Agreement) shall be limited to the Reserved Area in which the Restaurant is located. In the event that Franchisor, for any reason, does not develop such restaurant, then such site shall once again become subject to Developer's first refusal rights contemplated by this Section III (C).

D. Sales under other names or marks. Franchisor may offer or sell, or authorize others to offer and sell any products or food and beverage services, other than brick oven pizza, under any other names and Marks within the Territory.

IV. FEES AND PAYMENT.

A. Development Fee. As consideration for the development rights granted to Developer herein and partial consideration for the rights to be granted to Developer under separate Franchise

Agreements, Developer shall pay to Franchisor a development fee of _____ Dollars (\$_____), representing the sum of Twenty-Five Thousand Dollars (\$25,000) for the first Restaurant [*Thirty-Five Thousand Dollars (\$35,000) if the first Restaurant is located within the State of Florida*], plus Ten Thousand Dollars (\$10,000) for each of _____ (____) subsequent Restaurants to be developed pursuant to the Development Rights granted hereunder. The development fee shall be due upon the execution of this Agreement and deemed fully earned by Franchisor for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein. The development fee is not refundable.

B. **Franchise Fee.** As consideration for the development rights granted hereunder and the rights to be granted upon the execution of separate Franchise Agreements, and pursuant to the terms thereof, Developer shall pay to Franchisor an initial franchise fee of Twenty-Five Thousand Dollars (\$25,000) for each Restaurant developed under this Agreement [*Thirty-Five Thousand Dollars (\$35,000) for any Restaurant located within the State of Florida*]; payable upon execution of each of such Franchise Agreement. All Franchise Fees are deemed fully earned by Franchisor upon payment thereof. The initial franchise fee due for each Restaurant developed under this Agreement shall be reduced, however, by a portion of the Development Fee paid pursuant to Sections IV(A) above, as follows:

1. A credit of Twenty Five Thousand Dollars \$25,000 [*Thirty-Five Thousand Dollars (\$35,000) if the first Restaurant is located within the State of Florida*] shall be applied towards the initial franchise fee due for the first SFO Restaurant developed pursuant to Developer's Development Rights defined in Section II(A) hereunder and the initial franchise fee for such restaurant shall be deemed paid in full; and
2. A credit of _____ dollars (\$_____) shall be applied towards the initial franchise fee due for each subsequent restaurant to be developed hereunder.

V. **MANNER AND SCHEDULE FOR EXERCISING DEVELOPMENT RIGHTS.**

A. **Franchise Agreements.** Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each SFO Restaurant for which a development right has been granted. Developer may exercise such development rights through entities that are controlled by Developer with ownership determined by Developer after notice to Franchisor. Provided that Developer is in compliance with the conditions set forth in Section VI below and Franchisor has delivered its written notice of acceptance of a proposed site as required in Section VI(A) below, Franchisor shall deliver to Developer a Franchise Agreement for the operation of a Restaurant at such proposed site. Developer, or its nominee, shall execute and deliver the Franchise Agreement to Franchisor, together with the balance of any initial franchise fee then due pursuant to Section IV above, within ten (10) days following Developer's receipt of the Franchise Agreement from Franchisor. Franchisor shall execute and deliver a fully executed original copy of the Franchise Agreement to Developer, or its nominee, within ten (10) days following Franchisor's receipt of the Franchise Agreement from Developer.

B. **Adherence to Development Schedule.** Acknowledging that time is of the essence, and subject to the requirements of Section VI, Developer agrees to exercise its development rights hereunder in accordance with the Development Schedule. Developer agrees to open each SFO Restaurant developed hereunder and commence business no later than the expiration date of the Development Period pertaining to each such Restaurant as set forth in the Development Schedule, unless Developer obtains an extension of the applicable Development Period, as provided in this Section V.

C. **Development Period Extensions.**

1. Extensions Prior to Site Approval and commencement of construction. Developer may purchase from Franchisor one (1) extension of any Development Period as may be necessary to select a site, complete construction, and commence operation of any SFO Restaurant to be developed under this Agreement, provided however, that a site has not been approved by Franchisor and construction has not commenced (as defined in Section II of the Franchise Agreement) for such SFO Restaurant (a "Purchased Extension"). Purchased Extensions shall be for an additional ninety (90) day period commencing upon the expiration of the applicable Development Period as specified in the Development Schedule and may be purchased by Developer by written notice to Franchisor at least ninety (90) days prior to the expiration date of such Development Period for the Restaurant to which the extension shall apply. Such notice shall be accompanied by Developer's payment of an extension fee in the amount of ten thousand (\$10,000.00), which fee shall be non-refundable.

2. Automatic Extensions. Developer may exercise one (1) automatic extension of any Development Period as may be necessary to complete construction and commence operation of any SFO Restaurant to be developed under this Agreement, provided however that the site for such SFO Restaurant has been approved by Franchisor and construction of such SFO Restaurant has commenced (as defined in Section II of the Franchise Agreement). Automatic extensions shall be for an additional ninety (90) day period commencing upon the expiration of the applicable Development Period as specified in the Development Schedule (or as extended by a previously Purchased Extension) ("automatic extension period") and may be exercised by Developer by written notice to Franchisor at least thirty (30) days prior to the expiration date of such Development Period for the Restaurant to which the extension shall apply.

3. Additional Extensions. Developer may purchase, subject to Franchisor's approval, one (1) additional extension of any Development Period which has been previously automatically extended pursuant to Section V(C)(2) above and as may be necessary to complete construction and commence operation of any SFO Restaurant to be developed under this Agreement. Additional extensions shall be for an additional ninety (90) day period following the expiration of the automatic extension period. Developer may request an additional extension by written notice to Franchisor at least thirty (30) days prior to the expiration of the automatic extension period for the SFO Restaurant to which such extension shall apply. Such notice shall include, in reasonably sufficient detail, the reason or reasons why the SFO Restaurant cannot be opened by the expiration of the Development Period and the expected opening date, if the extension is granted. At the same time Developer provides Franchisor such notice, Developer shall pay an additional extension fee of Five Thousand Dollars (\$5,000), provided however, that no such extension fee shall be due if failure to open the SFO Restaurant in a timely fashion is due to an act of God, strikes, lockouts, or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Developer's control. No additional extension of any Development Period shall be effective unless and until approved by Franchisor in writing. If Franchisor approves Developer's request for such additional extension, the additional extension fee shall be non-refundable. If Franchisor does not approve Developer's request for such additional extension, any additional extension fee paid by Developer shall be refunded.

4. Effect of Extension; Opening Date; Term of Agreement. If a Development Period is extended pursuant to this Section V(C), the Opening Date (as defined in the Franchise Agreement) shall be extended to the Extension Date. No extension of any Development Period shall affect the duration of any other Development Period or any of Developer's

other development rights. If an extension is requested in the final Development Period, the term of this Agreement shall be extended to the Extension Date.

VI. CONDITIONS FOR OBTAINING FRANCHISE RIGHTS. Developer acknowledges and agrees that this Agreement does not confer upon Developer a right or franchise to operate any SFO Restaurant but is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain the right to operate such Restaurants within the Territory. Developer further acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees be financially sound to avoid failure of a Restaurant and that such failure would adversely affect the reputation and good name of Franchisor and the System. Accordingly, each of the following conditions shall have been met before Franchisor shall grant the right and license to operate each Restaurant specified in the Development Schedule:

A. Site Selection and Acceptance. Developer shall have selected, and Franchisor shall have accepted, a site for the proposed SFO Restaurant in accordance with Franchisor's then current site acceptance guidelines. Developer shall submit to Franchisor, in the form specified by Franchisor, a description of the site and related Primary Area of Responsibility (PAR), including evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site acceptance guidelines, together with such other information and materials in such form as Franchisor may require, including, but not limited to, (i) a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the site, (ii) a report showing the estimated amount and financing sources of Developer's anticipated initial investment required for developing the site and commencing operations, and (iii) Developer's estimate of the anticipated sales volumes and/or financial operating results to be realized from the proposed site (collectively, the "Site Information"). Following Franchisor's receipt of the Site Information, Franchisor (or its designee) shall, as it may deem necessary on its own initiative or in response to Franchisee's reasonable request, and at its sole expense, provide one (1) on-site evaluation for each SFO Restaurant site to be developed hereunder. Thereafter, if additional on-site evaluations are deemed appropriate for any such site by Franchisor, or upon Franchisee's reasonable request, Franchisor reserves the right to charge a reasonable fee for performing each such subsequent evaluation and the reasonable expenses incurred by Franchisor (or its designee) in connection therewith, including, without limitation, the reasonable cost of travel, lodging, meals and wages. Franchisor shall, by written notice to Developer, either accept or not accept, in its sole discretion, the proposed site within thirty (30) days after the later of Franchisor's receipt of the Site Information, or completion of its final on-site evaluation; and such notice shall not be unreasonably withheld, delayed or conditioned; Developer acknowledges that the location, selection, procurement and development of a site for an SFO Restaurant hereunder is Developer's responsibility; that in discharging such responsibility Developer may consult with real estate and other professionals of Developer's choosing; and that Franchisor's acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the SFO Restaurant operated at that site will be profitable or otherwise successful.

B. Compliant Operation of Existing Restaurants. Developer shall be conducting the operation of its existing SFO Restaurants, if any, in accordance with the provisions of their respective Franchise Agreements; and, in accordance with the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement), as such Manuals may be amended from time to time, or otherwise in writing.

C. Submission of Required Documents and Information. Prior to and as a basis for the issuance of individual Franchises or pursuant to any right granted to Developer under this Agreement or any Franchise Agreement between Developer and Franchisor, Developer shall have submitted to Franchisor, in a timely manner and in accordance with all applicable federal and state franchise

disclosure laws, all information and documents required to be delivered pursuant to such Agreements; and Developer shall have taken such additional actions in connection therewith as may have been reasonably requested by Franchisor from time to time.

VII. TERM. Unless sooner terminated as provided in this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the date on which Developer successfully and in a timely manner has exercised all of the development rights granted herein in accordance with the Development Schedule (including, if applicable, any extension(s) thereof Pursuant to Section V(C) hereof.

VIII. DUTIES AND OBLIGATIONS OF DEVELOPER. The Developer and Controlling Principal(s), as applicable, shall accept, perform and fulfill the following duties and obligations during the entire term of this Agreement:

A. Maintain and Provide Ownership Records. If Developer is a corporation, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer; or, if Developer is a partnership or other form of legal entity, Developer shall maintain at all times a current list of all owners of an interest in the partnership or entity. Developer shall immediately provide a copy of the updated list of all owners to Franchisor upon the occurrence of any change of ownership and otherwise make its list of owners available to Franchisor upon request.

B. Designate Developer's Principals. If, after the execution of this Agreement, any person or entity ceases to qualify as one of the Developer's Principals or if any person or entity succeeds to or otherwise comes to occupy a position which would qualify him/her/it as one of Developer's Principals as defined herein, Developer shall notify Franchisor within ten (10) days after any such change and, upon designation of such person or entity by Franchisor as one of Developer's Principals or as a Controlling Principal, as the case may be, such person or entity shall execute such documents and instruments (including, as applicable, this Agreement) required to bind such person or entity to the same extent that Developer's Principals are bound hereunder.

C. Maintain Restrictions on Transfer of Developer's Ownership Interests. If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a Publicly Held Corporation. If Developer is a partnership or limited liability company, its written partnership or operating agreement, as the case may be, shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

D. Confidentiality Agreement and Ancillary Covenants Not to Compete. The Developer shall cause and ensure that each of Developer's Principals shall execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete which forms Attachment B to this Agreement.

E. Designate and retain an Operating Principal. Upon the execution of this Agreement, and thereafter for the entire term of this Agreement, Developer shall designate and retain an Operating Principal to supervise and conduct the business contemplated by this Agreement. If Developer is an individual, Developer shall perform all obligations of the Operating Principal. The following qualifications, terms, conditions and covenants shall apply to the Operating Principal under this Agreement:

1. The Operating Principal may, at his/her/its option, and, subject to the approval of Franchisor, designate an individual to perform the duties and obligations of Operating Principal described herein; provided that the Operating Principal shall take all necessary action to ensure that such designee conducts and fulfills all of Operating Principal's obligations in accordance with the terms of this Agreement and Operating Principal shall remain fully responsible for such performance.

2. The Operating Principal must maintain a direct or indirect ownership interest in the Developer. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in Developer shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, or security interest. The foregoing shall not be construed to prohibit purchase options, transfer restrictions and other provisions customarily incorporated into shareholder, partnership or operating agreements.

3. Operating Principal (or his/her designee, if applicable) shall use all commercially reasonable and best efforts to the supervision and conduct of the business contemplated by this Agreement.

4. The Operating Principal (and any such designee) shall meet Franchisor's reasonable and uniformly applied standards and criteria for such individual, as set forth in the Manuals as defined herein or otherwise in writing by Franchisor.

5. If, during the term of this Agreement, the Operating Principal or any designee is not able to continue to serve in the capacity of Operating Principal or no longer qualifies to act as such in accordance with this Section, Developer shall promptly notify Franchisor and designate a replacement within sixty (60) days after the Operating Principal or such designee ceases to serve, such replacement being subject to the same qualifications and restrictions listed above. Developer shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Any failure to comply with the requirements of this Section VIII(E)(5) shall be deemed a material event of default under this Agreement.

F. Devotion of Best and Commercially Reasonable Efforts. Developer shall devote, and will cause its Operating Principal to devote their respective best and commercially reasonable efforts to the management and operation of the development activities contemplated under this Agreement.

G. Adherence to laws, rules and regulations. Developer shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

IX. REPRESENTATIONS AND WARRANTIES OF DEVELOPER. Developer makes the following representations, warranties and covenants and agrees that they shall be continuing obligations of Developer and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Developer will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

A. Organization and Authority. If Developer is a corporation, limited liability company, or a partnership, Developer represents, warrants and covenants that:

1. Developer is duly organized and validly existing under the state law of its formation;
2. Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

3. Developer's corporate charter, operating agreement, or written partnership agreement shall at all times provide that the activities of Developer are confined exclusively to the development and operation of San Francisco Oven Restaurants, unless otherwise consented to by Franchisor in writing;

4. The execution of this Agreement and the performance of the transactions contemplated hereby are within Developer's corporate power, if Developer is a corporation, if Developer is a limited liability company, permitted under the operating agreement, or if Developer is a partnership, permitted under Developer's written partnership agreement and have been duly authorized by Developer;

B. Ownership Interests. If Developer is a corporation, partnership or other form of legal entity other than an individual, the ownership interests in Developer are accurately and completely described in Attachment C.

C. Corporate Records and Documents. If Developer is a corporation, or limited liability company, Developer represents and warrants that it has furnished to Franchisor prior to the execution of this Agreement true and correct copies of Developer's articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor.

D. Partnership Records and Documents. If Developer is a partnership, Developer represents and warrants that it has furnished to Franchisor prior to the execution of this Agreement true and correct copies of Developer's written partnership agreement, other governing documents and any amendments thereto, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by Developer's written partnership agreement;

E. Financial Statements. Developer represents and warrants that it has provided Franchisor with financial statements of Developer as of a date no earlier than its most recently completed fiscal year; and that such financial statements have been prepared in conformity with generally accepted accounting principles, or such other basis of accounting as may be indicated therein, consistently applied; and present fairly the financial position of Developer, as of the date(s) indicated therein, and the results of Developer's operations and its cash flows for the periods indicate therein. Developer is unaware, as of the date of this Agreement, of the existence of any material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not disclosed in such financial statements.

F. Restrictions on Transfer of Developer's Ownership Interests. Developer represents and warrants that as of the effective date of this Agreement, it has established and is maintaining restrictions on the transfer of its ownership interest as required by this Agreement.

X. **EVENTS OF DEFAULT AND TERMINATION.**

A. Events of Default Triggering Automatic Termination without notice. Developer shall be deemed to be materially in default under this Agreement and all rights granted herein shall automatically terminate without notice to Developer:

1. If Developer becomes insolvent or makes a general assignment for the benefit of creditors or files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state or admits in writing its inability to pay its debts when due; or

2. If Developer is adjudicated bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy law or any similar law or statute of the United States or any state; or
3. If a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or
4. If proceedings for a composition with creditors under any state or federal law are instituted by or against Developer and are not dismissed within sixty (60) days; or
5. If a final judgment in excess of \$50,000, or multiple final judgments which aggregate in excess of \$50,000, against Developer remain unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or
6. If Developer is dissolved; or
7. If execution is levied against Developer's business or property; or
8. If suit to foreclose any lien or mortgage against the premises or equipment of any business operated hereunder or under any Franchise Agreement is instituted and not dismissed within sixty (60) days; or
9. If the real or personal property of any business operated hereunder or under any Franchise Agreement shall be sold after levy by any sheriff, marshal or constable.

B. Events of Default triggering Franchisor's Option to Terminate with notice. Developer shall be deemed to be materially in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default except as provided below, effective immediately upon written notice to Developer, delivered no later than then (10) days following the date on which Franchisor discovers, learns or otherwise becomes aware of the occurrence of any of the following events of default:

1. If Developer fails to comply with the Development Schedule (or any extension thereof pursuant to Section V(C));
2. If Developer fails to execute each Franchise Agreement in accordance with Section V;
3. If Developer or any of the Controlling Principal(s) is convicted of, or shall have entered a plea of nolo contendere to, a felony, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Franchisor's interests therein;
4. If Developer fails to take appropriate steps to alleviate a threat or danger to public health or safety resulting from the construction, maintenance or operation of any Restaurant developed under this Agreement, following twenty-four (24) hours notice from the Franchisor;
5. If Developer fails to designate a qualified replacement Operating Principal or designee appointed by Operating Principal within sixty (60) days after any initial or successor Operating Principal or designee ceases to serve as such, all as required under Section VIII(E));

6. If Developer or any of the Controlling Principal(s) breaches in any material respect any of the representations, warranties and covenants in Section IX;
7. If Developer or any of the Controlling Principal(s) fails to perform any of the duties and obligations set forth in Section VIII, following ten (10) days prior notice from Franchisor.
8. If Developer or any of the Controlling Principal(s) transfers or attempts to transfer any rights or obligations under this Agreement or any interest in Developer to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal with respect to such transfer, contrary to the terms of Sections XII or XIII;
9. If Developer or any of the Controlling Principal(s) fails to comply with the duties and covenants in Sections VIII(F) , XIV(A) or XIV(C) or if Developer fails to obtain the execution of the covenants required under Sections XIV(B) or XIV(E) thirty (30) days following Franchisor's request that Developer obtain the execution of such covenants;
10. If an approved transfer upon death or permanent disability is not effected within the time period and in the manner prescribed by Section XII(C);
11. If Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein and does not cure such default within forty-eight (48) hours following notice from Franchisor;
12. If Developer or any of its Affiliates fails, refuses or neglects promptly to pay when due any monetary obligation owing to Franchisor, or any of its Affiliates or vendors, under this Agreement, any Franchise Agreement or any other agreement (excluding obligations to vendors which are subject to bona fide disputes) and does not cure such default within five (5) days following notice from Franchisor (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case a five (5) day cure period shall apply);
13. If Developer or any of its Affiliates fails or refuses to comply with any material terms and conditions of any sublease or related agreement between Franchisor or its Affiliates and Developer or its Affiliates, and does not cure such default within any notice and cure period provided for in such sublease or related agreement following notice from Franchisor of such default (unless no cure period is specified in the sublease or other agreement, in which case the notice and cure period provided in Section X(C) shall apply); and
14. If Developer or any of its Affiliates are in material default under any Franchise Agreement, Franchisor may provide notice (if applicable) and terminate this Agreement under the same terms that Franchisor may provide notice and terminate the Franchise Agreement.

C. Events of Default requiring notice and opportunity to cure. Except as provided above in Section X(B), if Developer fails to comply with any other material term or condition imposed by this Agreement, or any other development or Franchise Agreement between Developer and Franchisor, as such may from time to time be amended, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such

longer period as applicable law may require, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder without further notice to Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

D. Remedies on Default in lieu of Termination. Upon default by Developer under Section X(B) or (C), Franchisor has the option, in its sole discretion, in lieu of exercising its option to terminate this Agreement as provided in such sections, to do any one or more of the following:

1. Terminate or modify any territorial rights granted to Developer in Section II.;
2. Reduce the geographical area of such territorial rights;
3. Reduce the number of Restaurants which Developer may establish pursuant to Section II;
4. Permit Developer to purchase an extension of the Development Schedule pursuant to Section V(C).

If Franchisor elects to terminate or modify the Territory or reduce the number of Restaurants that may be developed under this Agreement pursuant to sections X(D)(1) (2) and (3) above, then the Development Schedule shall be amended to the extent of such terminations, modifications and reductions. Further, Franchisor shall be entitled to develop, and license others to develop, SFO Restaurants within the portion of the Territory no longer a part thereof, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

E. Franchise Agreements Pending at time of Termination. If this agreement is terminated by the Franchisor upon default by Developer pursuant to this Section X, Developer shall have no right to establish or operate any Restaurant for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer.

F. Franchisor's Development Rights on Termination. Upon termination or expiration of this Agreement, Franchisor shall be entitled to develop, and to license others to develop, Restaurants in the Territory, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

G. No Waiver. Franchisor's exercise of any of its options under Section X(D) shall not, in the event of a default, constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

H. Cross Default with Franchise Agreements. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, unless the default is also a default under the terms of such Franchise Agreement.

I. Voluntary Termination by Developer. Developer may, at its election, terminate this Agreement at any time upon at least ninety (90) days prior written notice to Franchisor. As a condition to its effectiveness, the foregoing notice must be signed by Developer and all Controlling Principal(s). Franchisor acknowledges that the receipt of the development fees paid pursuant to Section IV, and the release of any of Developer's further development rights accruing subsequent to the termination date constitute full and fair consideration for any termination of this Agreement which Developer may hereafter exercise. All Franchise Agreements executed and delivered prior to Developer's election to terminate this Agreement shall remain in full force and effect.

J. Developer's and Controlling Principal(s)' Obligations on Termination. Upon termination or expiration of this Agreement, Developer and the Controlling Principal(s) shall comply with the restrictions on confidential information contained in Section XIV(A) and the covenants against competition contained in Section XIV(D). Any other person required to execute similar covenants pursuant to Section XIV(B) or XIV(E) shall also comply with such covenants.

XI. TRANSFER OF FRANCHISOR'S INTEREST.

A. Assignment, Transfer or Sale of Franchisor's Rights. Franchisor shall have the right, without the need for Developer's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee (1) agrees in writing to assume all obligations undertaken by Franchisor herein (and Developer receives a statement from both Franchisor and its transferee to that effect) and (2) has a financial net worth equal to or exceeding the transferor at the time of transfer. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Developer further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of SFO Franchise Development Ltd. as Franchisor under this Agreement. Developer specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the restaurant business or to offer or sell any products or services to Developer.

B. Merger(s) or Acquisition(s) by Franchisor. Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as SFO Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, provided however, that none of these facilities shall be operated as an SFO Restaurant or as a Competitive Business within the Territory.

XII. TRANSFER OF DEVELOPER'S INTEREST. Developer and the Controlling Principal(s) understand and acknowledge that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has granted such rights in reliance on the business skill, financial capacity and personal character of Developer and the Controlling Principal(s) and with the expectation that the duties and obligations contained in this Agreement will be performed by Developer and those Controlling Principal(s), as applicable, executing this Agreement. Accordingly, neither Developer nor any Controlling Principal, nor any successor or assign of Developer or any Controlling Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement or in Developer without the prior written consent of Franchisor, which consent shall not be unreasonably withheld, delayed or conditioned. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

A. Conditions for Obtaining Franchisor's Approval for Transfer. Upon receipt from the Transferor and proposed Transferee of a request for consent to a Transfer of all or part of Developer's interest in this Agreement or a Transfer of all or part of Developer's or a Controlling Principal's ownership interest in Developer (a "Proposed Transfer"), Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval to any such transfer, which conditions Developer acknowledges and agrees are reasonable and necessary:

1. All the accrued monetary obligations, trade accounts and other debts of Developer and its Affiliates and all other outstanding obligations to Franchisor and its Affiliates arising under this Agreement or any SFO System Agreement shall have been satisfied in a timely manner;
2. Developer and its Affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any SFO System Agreement;
3. The transferor and its principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor and its Affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer and Franchisor or any of its Affiliates or under federal, state or local laws, rules, and regulations or orders;
4. The transferee shall have demonstrated to Franchisor's reasonable satisfaction that transferee meets, at least to the same extent as the Transferor, the criteria considered by Franchisor when reviewing a prospective Developer's application for development rights, including, but not limited to, Franchisor's educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other Restaurants operated by transferee, if any;
5. The transferee shall have entered into a written agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of the transferor in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall also execute such agreement as transferee's principals binding transferee's principals to the same extent that transferor's principals are bound hereunder.
6. The transferee shall execute an assignment and assumption agreement in form and content reasonably satisfactory to Franchisor, providing for the transfer and assumption of transferor's interest in this Agreement, and, if the transferee is a corporation, limited liability company, or partnership, transferee's shareholders, members, partners or other investors, as applicable, shall also execute such agreements, as transferee's principals, binding transferee's principals to the same extent that transferor's principals are bound hereunder. Upon execution of such assignment and assumption agreement, transferor shall have no further obligation hereunder, except for obligations or liabilities incurred prior to the effective date of the transfer;

7. Developer shall pay a transfer fee of Five Thousand Dollars (\$5,000), to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees; and

8. If transferee is a corporation, or limited liability company, or a partnership, transferee shall make and will be bound by any or all of the representations, warranties and covenants in Section IX made by transferor as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Section IX have been satisfied and are true and correct on the date of transfer.

B. Transfers by Sale or Purchase to a Third Party.

1. Franchisor's Right of First Refusal. If a Proposed Transfer is pursuant to any bona fide offer received from a third party to purchase such interest, then transferor shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may reasonably require. Franchisor shall have the right and option, exercisable within fifteen (15) days after receipt of such written notification and copies of all documentation reasonably required by Franchisor describing such offer, to send written notice to the transferor that Franchisor intends to purchase the transferor's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the transferor's interest, closing on such purchase must occur within the later of sixty (i) (60) days from the date of notice to the transferor of the election to purchase by Franchisor, (ii) the closing date provided in the bona fide offer submitted by the third party; or (iii) such other date as the parties may agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure or refusal of Franchisor to exercise the option afforded by this Section XII(B) shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XII relating to a proposed transfer.

2. Consideration other than Cash and Intangible Benefits. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be final and binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees. In the event that Franchisor exercises its right of first refusal herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Developer hereunder and (ii) all amounts due from Developer to Franchisor or any of its Affiliates.

3. Non - Compliance. Failure to comply with the provisions of this Section XII(B) prior to the transfer of any interest in Developer or in this Agreement shall constitute a material event of default under this Agreement.

C. Transfers upon Death or Disability of Developer or Controlling Principal.

1. Death. Upon the death of Developer (if Developer is a natural person) or any Controlling Principal who has an interest in this Agreement or Developer (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party in accordance with the conditions described in this Section XII(C) within twelve (12) months after the death. If no personal

representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

2. Permanent Disability. Upon the permanent disability of Developer (if Developer is a natural person) or any Controlling Principal who has an interest in this Agreement or Developer, Franchisor may, in its reasonable discretion, require such interest to be transferred to a third party approved by Franchisor within six (6) months after notice to Developer. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in any guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined upon examination of the person by a licensed practicing physician selected by Franchisor, but subject to prior approval of the person to be examined, whose approval shall not be unreasonably withheld; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section XII(C). The costs of any examination required by this Section shall be paid by Franchisor.

3. Notice and Non-Compliance. Upon the death or claim of permanent disability of Developer or any Controlling Principal, Developer or a representative of Developer must promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section XII for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section XII(C), then such failure shall constitute a material event of default under this Agreement.

D. Transfers for Convenience of Ownership. In the event the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section XII(A), except that the requirements in Sections XII(A) (3), (4), (6), and (7) shall not apply. With respect to a transfer to a corporation or limited liability company formed for the convenience of ownership, Developer shall be the owner of all of the voting stock or interest of the corporation, or membership interest in the limited liability company, and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer prior to the transfer.

E. Transfers by Persons other than Developer or Controlling Principal(s). If any person holding an interest in Developer or this Agreement (other than Developer or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to such transfer. Such transferee may not be one of Franchisor's competitors. Such transferee will be a Developer's Principal and as such shall execute a confidentiality agreement and ancillary covenants not to compete in the form attached hereto as Attachment B. Franchisor also reserves the right to designate the transferee as one of the Controlling Principal(s).

F. Transfers among Developer's Principals and their Families. Notwithstanding the provisions of this Section XII to the contrary, the Developer's Principals may freely transfer their ownership

interests in Developer or any Controlling Principal among themselves and to their respective family members (or trusts created for the benefit of such family members), the requirement of Sections XII(A) (3), (4), (6), and (7) shall not apply, and the Franchisor's right of first refusal shall be inapplicable with respect to such transfers, provided, however, that notification and identification of the transferees be given to the Franchisor.

G. No Waiver. Franchisor's consent to a transfer of any interest in Developer or in this Agreement described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

XIII. PUBLIC AND PRIVATE OFFERINGS OF DEVELOPER'S SECURITIES.

A. Franchisor's Approval. Equity securities of or partnership interests in Developer may be offered to the public, by private offering or otherwise, only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld, delayed or conditioned. As a condition of its approval to such offering, Franchisor may, in its sole discretion, require that immediately after such offering that Developer and the Controlling Principal(s) retain a Controlling Interest in Developer.

B. Public Offerings - Franchisor's Limited Review of Documents and Materials. All materials required for such public offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials (including any private placement memoranda) to be used in any exempt offering or private placement shall be submitted to Franchisor for such review prior to their use. No offering by Developer (public or private) shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of Developer's or Franchisor's securities or the securities of any Affiliate of Franchisor; and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Developer and Franchisor and its Affiliates. Franchisor may, at its option, require Developer's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Developer, its Controlling Principal(s) and the other participants in the offering must fully indemnify Franchisor and its Affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed public offering, Developer shall pay to Franchisor a non-refundable fee of Five Thousand Dollars (\$5,000), to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering materials, including, without limitation, legal and accounting fees. Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

XIV. DEVELOPER'S RESTRICTIVE COVENANTS.

A. Non-Disclosure by Developer and Controlling Principal(s). Developer and each of the Controlling Principal(s) shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person, persons, partnership, association or corporation and, following the termination or expiration of this Agreement, shall not use for their own benefit, any confidential information, knowledge or know-how concerning the methods of development and operation of the Restaurants which may be communicated to Developer or any of the Controlling Principal(s) or of which they may be apprised under this Agreement. Developer and each of the Controlling Principal(s) shall disclose such confidential information only to the Controlling Principal(s) and Developer's employees and advisors who must have access to it in connection with their employment or relationship with Developer. Any and all proprietary information, and knowledge, know-how, recipes, techniques and any proprietary

materials used in or related to the System which Franchisor provides to Developer in connection with this Agreement shall be deemed confidential for the purposes of this Agreement. Neither Developer nor the Controlling Principal(s) shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available for distribution to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer and each of the Controlling Principal(s).

B. Non-Disclosure by Developer's Management Employees, Advisors and Principals. Developer shall require and obtain execution of covenants similar to those set forth in Section XIV(A) from all of Developer's management employees and advisors who have received or have access to confidential information. Such covenants shall be substantially in the form contained in Attachment B. Developer shall also cause all of Developer's Principals not required to sign this Agreement as a Controlling Principal to execute such covenants.

C. Non-Competition / Diversion by Developer and Controlling Principal(s) During the Term of this Agreement. Developer and the Controlling Principal(s) specifically acknowledge that, pursuant to this Agreement, Developer and the Controlling Principal(s) will receive valuable training, trade secrets and confidential information which are beyond the present skills and experience of Developer and the Controlling Principal(s) and Developer's managers and employees and that Developer has the right, arising from this Agreement, to develop the Territory for the benefit of the System. Developer and the Controlling Principal(s) acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurants and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason for entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, Developer and the Controlling Principal(s) covenant that with respect to Developer, during the term of this Agreement (or with respect to each of the Controlling Principal(s), during the term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling Principal(s)" except as otherwise approved in writing by Franchisor, neither Developer nor any of the Controlling Principal(s) shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership or corporation:

1. Non-Diversion of Business. Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.
2. Non-Diversion of Employees. Knowingly employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by Franchisor, or any of its Affiliates, or by any other Developer or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment; provided, however, that Developer may employ such person in a managerial position with respect to Developer's operation of a Restaurant pursuant to the terms of the Franchise Agreement applicable to such Restaurant.
3. Non-Compete. Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located in the United States, its territories or commonwealths, or any other country, province, state or

geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is a Competitive Business as defined in this Agreement.

D. Non-Competition / Diversion by Developers and Controlling Principal(s) following Termination or Expiration of this Agreement. With respect to Developer, and for a continuous uninterrupted period commencing upon the expiration or termination of, or transfer of all of Developer's interest in, this Agreement (or with respect to each of the Controlling Principal(s), commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of Developer's interest in this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Controlling Principal(s)" as described in this Agreement), and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Developer nor any of the Controlling Principal(s) shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

1. Non-Diversion of business. Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System.
2. Non-Diversion of Employees. Knowingly employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by Franchisor, or any of its Affiliates, or by any other Developer or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment; provided, however, that Developer may employ such person in a managerial position with respect to Developer's operation of a Restaurant pursuant to the terms of the Franchise Agreement applicable to such Restaurant.
3. Non-Compete. Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is, or is intended to be, a Competitive Business located within the Territory or within a five (5) mile radius of the location of any SFO Restaurant or food service facility operating as of the date that this Agreement expires or is otherwise terminated.

E. Non-Diversion / Non-Compete by Developer's Personnel. Developer shall require and obtain execution of covenants similar to those set forth in Section XIV(D) (including covenants applicable upon the termination of a person's employment with Developer) from all management employees of Developer who have received or will have access to confidential information or training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment B. Developer shall also cause all of Developer's Principals not required to sign this Agreement as a Controlling Principal to execute such covenants. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to irrevocably decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment B or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section XIV.

F. Ownership Interest in Publicly Held Corporations. Sections XIV C(2) and D(3) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly Held Corporation.

G. Reasonable Limitations. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to

be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XIV. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Controlling Principal(s) expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law, as if the resulting covenant were separately stated in and made a part of this Section.

H. Reduction of Scope. Developer and the Controlling Principal(s) understand and acknowledge that Franchisor shall have the right, in its sole discretion, to irrevocably reduce the scope of any covenant set forth in Section XIV(A), or any portion thereof, without their consent, effective immediately upon notice to Developer; and Developer and the Controlling Principal(s) agree that they shall immediately comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XXI.

I. Claims Against Franchisor not a Defense. Developer and the Controlling Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section XIV. Developer and the Controlling Principal(s) agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section.

J. Non-Compliance / Consent to Injunctive Relief. Failure to comply with the requirements of this Section shall constitute a material event of default under this Agreement. Developer and the Controlling Principal(s) acknowledge that a violation of this Section may result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and the Controlling Principal(s) accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or the Controlling Principal(s) in violation of the terms of this Section. Developer and the Controlling Principal(s) agree to pay all reasonable costs and legal fees incurred by Franchisor in obtaining specific performance, or injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Section.

XV. INDEMNIFICATION BY DEVELOPER.

A. Indemnifiable Claims. Developer shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor and its Affiliates, successors and assigns, their respective partners and Affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (collectively, "Indemnitees") from all indemnifiable losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following ("Indemnifiable claim(s)"):

1. The infringement, alleged infringement, or any other violation or alleged violation by Developer or any of the Controlling Principal(s) of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any rights to use the Marks, any copyrights or other proprietary information granted to Developer under any Franchise Agreement);
2. The violation, breach or asserted violation or breach by Developer or any of the Controlling Principal(s) of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

3. Libel, slander or any other form of defamation of Franchisor, the System, or any Developer or franchisee under the System, by Developer or by any of the Controlling Principal(s);

4. The violation or breach by Developer or by any of the Controlling Principal(s) of any warranty, representation, agreement, duty or obligation in this agreement, and

5. Acts, errors or omissions of Developer, any of Developer's Affiliates and any of the Controlling Principal(s) and the officers, directors, shareholders, partners, agents, independent contractors, servants, employees and representatives of Developer and its Affiliates in connection with the performance of the development activities contemplated under this Agreement.

B. Notice, Defense and Settlement. Developer and each of the Controlling Principal(s) agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer and each of the Controlling Principal(s), Franchisor may elect to control (but under no circumstance is obligated to undertake), and associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation pertaining to any indemnifiable claim. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer to indemnify the Indemnitees and to hold them harmless, so long as Franchisor does not take any material action or enter into a settlement without the written consent of Developer.

C. Franchisor's Right to Settle or Remediate. In order to protect persons or property or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's reasonable judgment, there are reasonable grounds to believe that:

1. any of the acts or circumstances enumerated in Section XV(A) above has occurred; or
2. any act, error or omission as described in Section XV(A)(5) may result directly or indirectly in damage, injury or harm to any person or any property.

D. Indemnification not Exclusive. All losses and expenses incurred under this Section X shall be chargeable to and paid by Developer or any of the Controlling Principal(s) pursuant to its obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of such action, activity or defense.

E. Limitations on Indemnification. The Indemnitees do not assume any liability whatsoever for acts, errors or omissions of those with whom Developer, any of the Controlling Principal(s) or Developer's Affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer or its Affiliates may contract, regardless of the purpose. Developer shall hold harmless and indemnify the Indemnitees for indemnifiable losses which may arise out of any acts, errors or omissions of Developer, the Controlling Principal(s), Developer's Affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer and its Affiliates and any such third parties without limitation and without regard to the cause or causes thereof except where occasioned, in whole or in part, by the negligence of Franchisor, its employees or Affiliates whether such negligence be sole, joint or concurrent or active or passive.

F. Survival. Developer and the Controlling Principal(s) expressly agree that the terms of this Section XV shall survive, for a period of two (2) years, following the termination, expiration or transfer of this Agreement or any interest herein.

XVI. RELATIONSHIP OF THE PARTIES.

A. Independent Contractor. The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Developer shall be an independent contractor and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.

B. Developer's Representation and Notice. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor conducting its development operations pursuant to development rights granted by Franchisor. Developer agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place in any Restaurant established under any Franchise Agreement for the purposes hereunder, the content and form of which Franchisor reserves the right to specify in writing.

C. No Authority Granted. Developer understands and agrees that nothing in this Agreement authorizes Developer or any of the Controlling Principal(s) to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Developer or any of the Controlling Principal(s) or any claim or judgment arising therefrom.

XVII. APPROVALS.

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor and such approval or consent shall be obtained in writing.

B. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

XVIII. NON-WAIVER AND REMEDIES.

A. Non - Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or the Controlling Principal(s) under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or the Controlling Principal(s), or as to a subsequent breach or default by Developer or the Controlling Principal(s). Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer or the Controlling Principal(s) of any terms, provisions, covenants or conditions of this Agreement.

B. Rights and Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be

exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Subject to the provisions of Section XV(F), the expiration, earlier termination or exercise of Franchisor's rights pursuant to Section X of this Agreement shall not discharge or release Developer or any of the Controlling Principal(s) from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, the non-prevailing party shall pay all court costs and reasonable attorneys' fees incurred by the prevailing party in obtaining any remedy available for any violation of this Agreement.

XIX. NOTICES. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile, telegram or email (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: SFO Franchise Development Ltd.
9150 South Hills Blvd., Suite 225
Cleveland, Ohio 44147
Attention:
Facsimile: 440-717-9447

Notices to Developer and
the Controlling Principal(s):

Facsimile: _____

With a copy to:

Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing. Business days for the purpose of this Agreement exclude Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas

XX. SEVERABILITY AND CONSTRUCTION.

A. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

B. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and Franchisor, its officers, directors and personnel and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section XII or XIII.) any rights or remedies under or as a result of this Agreement.

C. All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement.

D. All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principal(s) under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Developer in this Agreement shall be deemed jointly and severally undertaken by all of the Controlling Principal(s).

E. This Agreement may be executed in counterparts and each copy so executed shall be deemed an original.

F. This Agreement shall not become effective until signed by the President or Chief Executive Officer of Franchisor.

G. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

XXI. ENTIRE AGREEMENT. This Agreement, the documents referred to herein and the Attachments hereto constitute the entire, full and complete agreement between Franchisor and Developer and the Controlling Principal(s) concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Developer and the Controlling Principal(s), whether written or oral. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

XXII. ARBITRATION.

A. MATTERS TO BE REFERRED TO ARBITRATION. EXCEPT AS PROVIDED IN THIS AGREEMENT, FRANCHISOR, DEVELOPER AND THE CONTROLLING PRINCIPAL(S) AGREE THAT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE FRANCHISE, DEVELOPER'S DEVELOPMENT ACTIVITIES, ESTABLISHMENT OR OPERATION OF ANY RESTAURANT UNDER THIS

AGREEMENT (AND ANY AMENDMENTS THERETO) INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY DEVELOPER, OR ANY OF THE CONTROLLING PRINCIPAL(S), OR PERSONS CLAIMING ON BEHALF OF DEVELOPER OR THE CONTROLLING PRINCIPAL(S), CONCERNING THE ENTRY INTO, THE PERFORMANCE UNDER OR THE TERMINATION OF THIS AGREEMENT, OR ANY SFO SYSTEM AGREEMENT, ANY CLAIM AGAINST A PAST OR PRESENT OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF FRANCHISOR, DEVELOPER OR DEVELOPER'S PRINCIPALS, INCLUDING THOSE OCCURRING SUBSEQUENT TO THE TERMINATION OF THIS AGREEMENT, THAT CANNOT BE AMICABLY SETTLED AMONG THE PARTIES OR THROUGH MEDIATION SHALL, EXCEPT AS MAY BE SPECIFICALLY SET FORTH HEREIN AND IN SECTION XXII(C), BE REFERRED TO ARBITRATION. THE ARBITRATION SHALL BE CONDUCTED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AS AMENDED. IF SUCH RULES ARE IN ANY WAY CONTRARY TO OR IN CONFLICT WITH THIS AGREEMENT, THE TERMS OF THE AGREEMENT SHALL CONTROL. ONLY CLAIMS, CONTROVERSIES OR DISPUTES INVOLVING DEVELOPER AND THE CONTROLLING PRINCIPAL(S) MAY BE BROUGHT HEREUNDER. NO CLAIM FOR OR ON BEHALF OF ANY OTHER DEVELOPER, FRANCHISEE OR SUPPLIER, OR CLASS, REPRESENTATIVE OR ASSOCIATION THEREOF, MAY BE BROUGHT BY DEVELOPER OR THE CONTROLLING PRINCIPAL(S) HEREUNDER.

B. ARBITRATION PROCEDURES.

1. SELECTION OF ARBITRATORS. THE PARTIES SHALL AGREE ON AN ARBITRATOR WITHIN FIFTEEN (15) DAYS OF THE FILING OF ARBITRATION. IF THE PARTIES CANNOT AGREE ON A SINGLE ARBITRATOR, FRANCHISOR AND DEVELOPER (OR CONTROLLING PRINCIPAL, AS APPLICABLE) SHALL EACH SELECT ONE (1) ARBITRATOR. IF THE PARTY UPON WHOM THE DEMAND FOR ARBITRATION IS SERVED FAILS TO SELECT AN ARBITRATOR WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THE DEMAND FOR ARBITRATION, THEN THE ARBITRATOR SO DESIGNATED BY THE PARTY REQUESTING ARBITRATION SHALL ACT AS THE SOLE ARBITRATOR TO RESOLVE THE CONTROVERSY AT HAND. THE TWO (2) ARBITRATORS DESIGNATED BY THE PARTIES SHALL SELECT A THIRD ARBITRATOR. IF THE TWO (2) ARBITRATORS DESIGNATED BY THE PARTIES FAIL TO SELECT A THIRD ARBITRATOR WITHIN FIFTEEN (15) DAYS, THE THIRD ARBITRATOR SHALL BE SELECTED BY THE ORGANIZATION AGREED UPON OR THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION BY EITHER PARTY. ALL OF THE ARBITRATORS SHALL BE EXPERIENCED IN THE ARBITRATION OF DISPUTES BETWEEN FRANCHISORS AND DEVELOPERS.

2. LOCATION FOR ARBITRATION. THE ARBITRATION SHALL TAKE PLACE AT FRANCHISOR'S CORPORATE OFFICES OR AT THE OFFICES OF THE AMERICAN ARBITRATION ASSOCIATION WHICH ARE NEAREST TO FRANCHISOR'S CORPORATE OFFICES.

3. ARBITRATION AWARDS. THE AWARD OF THE ARBITRATORS SHALL BE FINAL AND JUDGMENT UPON THE AWARD RENDERED IN ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE ARBITRATORS SHALL BE REQUIRED TO SUBMIT WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW WITHIN THIRTY (30) BUSINESS DAYS FOLLOWING THE FINAL HEARING SESSION OF THE ARBITRATION.

4. COSTS AND EXPENSES. THE COSTS AND EXPENSES OF ARBITRATION, INCLUDING COMPENSATION AND EXPENSES OF THE ARBITRATORS, SHALL BE BORNE BY THE PARTIES AS THE ARBITRATORS DETERMINE.

5. NO EXTENSION OR SUSPENSION OF TERMS OF AGREEMENT. IN PROCEEDING WITH ARBITRATION AND IN MAKING DETERMINATIONS HEREUNDER, THE ARBITRATORS SHALL NOT EXTEND, MODIFY OR SUSPEND ANY TERMS OF THIS AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY FRANCHISOR IN GOOD FAITH.

6. NO POSTPONEMENT OR RESCISSION OF VALID TERMINATION OF AGREEMENT. NOTICE OF OR REQUEST TO OR DEMAND FOR ARBITRATION SHALL NOT STAY, POSTPONE OR RESCIND THE EFFECTIVENESS OF ANY VALID TERMINATION OF THIS AGREEMENT.

7. APPLICABLE LAW. THE ARBITRATORS SHALL APPLY OHIO AND FEDERAL LAW AND THE TERMS OF THIS AGREEMENT IN REACHING THEIR DECISION.

C. MATTERS NOT SUBJECT TO ARBITRATION. NOTWITHSTANDING THE ABOVE, THE FOLLOWING SHALL NOT BE SUBJECT TO ARBITRATION:

1. ANTITRUST. DISPUTES AND CONTROVERSIES ARISING FROM THE SHERMAN ACT, THE CLAYTON ACT OR ANY OTHER FEDERAL OR STATE ANTITRUST LAW;

2. OWNERSHIP OR VALIDITY OF TRADEMARKS. DISPUTES AND CONTROVERSIES BASED UPON OR ARISING UNDER THE LANHAM ACT, AS NOW OR HEREAFTER AMENDED, RELATING TO THE OWNERSHIP OR VALIDITY OF THE TRADEMARKS;

3. LEASES. DISPUTES AND CONTROVERSIES RELATING TO ACTIONS TO OBTAIN POSSESSION OF THE PREMISES OF THE RESTAURANT UNDER LEASE OR SUBLEASE.

4. FRANCHISOR'S CLAIMS SEEKING EXTRAORDINARY RELIEF. ANY DISPUTE OR CLAIM FOR WHICH FRANCHISOR SHALL DESIRE TO SEEK SPECIFIC PERFORMANCE OR OTHER EXTRAORDINARY RELIEF INCLUDING, BUT NOT LIMITED TO, INJUNCTIVE RELIEF UNDER THIS AGREEMENT, AND ANY AMENDMENTS THERETO, OR TO COLLECT MONIES DUE.

XXIII. APPLICABLE LAW; WAIVER OF DAMAGES.

A. APPLICABLE LAW. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS RELATED TO THIS AGREEMENT OR THE RELATIONSHIP CREATED THEREBY, THIS AGREEMENT AND ANY SUCH RELATED CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS SHALL BE GOVERNED, ENFORCED, AND INTERPRETED UNDER OHIO LAW (EXCEPT FOR OHIO CHOICE OF LAW RULES).

B. ACKNOWLEDGEMENTS AS TO APPLICABLE LAW, VENUE AND FORUM. DEVELOPER, THE CONTROLLING PRINCIPAL(S) AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDES EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF DEVELOPER, THE

CONTROLLING PRINCIPAL(S) AND FRANCHISOR FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING APPLICABLE STATE LAW AND CHOICE OF FORUM HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

C. WAIVER OF DAMAGES. DEVELOPER, THE CONTROLLING PRINCIPAL(S) AND THE FRANCHISOR HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST THE OTHER PARTY, THEIR AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREES THAT IN THE EVENT OF A DISPUTE, DEVELOPER AND THE PARTIES SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY EITHER. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

XXIV. ACKNOWLEDGMENTS.

A. Developer acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Developer. Franchisor expressly disclaims making, and Developer acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

Initials _____

A. Developer acknowledges that Developer has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Developer sufficient time and opportunity to consult with advisors selected by Developer about the potential benefits and risks of entering into this Agreement.

Initials _____

B. Developer acknowledges that it received a complete copy of this Agreement and all related Attachments and agreements at least five (5) business days prior to the date on which this Agreement was executed. Developer further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least ten (10) business days prior to the date on which this Agreement was executed.

Initials _____

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

ATTEST:

Witness

FRANCHISOR:
SFO FRANCHISE DEVELOPMENT LTD.
an Ohio limited liability Company

By: _____
Name: _____
Title: _____
Date Accepted: _____
(The "Effective Date")

Witness

DEVELOPER:

an _____

By: _____
Name: _____
Title: _____
Date: _____

Witness

CONTROLLING PRINCIPAL:

An _____

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT A
TO SFO FRANCHISE DEVELOPMENT, LTD
DEVELOPMENT AGREEMENT

FRANCHISE AGREEMENT

SEE EXHIBIT C OF UNIFORM FRANCHISE OFFERING CIRCULAR

ATTACHMENT B
TO SFO FRANCHISE DEVELOPMENT, LTD
DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____ day of _____, 20____, between **SFO Franchise Development Ltd.**, an Ohio limited liability company, having its principal place of business at 9150 South Hills Blvd., Suite 225, Cleveland, Ohio 44147 ("Franchisor"), **Badna Investments, Inc.**, a Texas corporation, whose principal address is 1179 W Corporate Drive, Suite #107, Arlington, Texas 76006("Developer") and _____, an _____("Covenantor").

RECITALS

WHEREAS, Franchisor has acquired the right to develop a unique system (the "System") for the development and operation of restaurants under the name and mark "San Francisco Oven" ("Restaurants"), which mark is licensed to Franchisor under a perpetual license agreement.

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "San Francisco Oven" and such other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service and distinctive exterior and interior design, decor and color scheme and furnishings ("Marks"); proprietary sauces and soup concentrates; proprietary recipes and special menu items; uniform standards, specifications and procedures for inventory and management and financial control; operations; quality and uniformity of products and services offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time, and are used by Franchisor in connection with the operation of the System ("Trade Secrets"); provided, however, the Trade Secrets shall not include any of the foregoing that are readily ascertainable by proper means by Franchisor's competitors or are otherwise generally known within the competitive industry.

WHEREAS, the Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets.

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets.

WHEREAS, Franchisor has granted Developer the limited right to develop Restaurants using the System, the Marks and the Trade Secrets for the period defined in the development agreement made and entered into on _____, 20____ ("Development Agreement"), by and between Franchisor and Developer.

WHEREAS, Franchisor and Developer have agreed in the Development Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets.

WHEREAS, it will be necessary for certain employees, agents, independent contractors, officers, directors and interest holders of Developer, or any entity having an interest in Developer ("Covenantor") to have access to and to use some or all of the Trade Secrets in the management and operation of Developer's business using the System.

WHEREAS, Developer has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition.

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer.

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform his services for Developer.

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Developer shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All confidential information and materials, including, without limitation, any confidential manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Covenantor shall be deemed confidential Trade Secrets for the purposes of this Agreement.
2. Covenantor shall receive the Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his employment or association with Developer and then only in connection with the development and/or operation by Developer of a Restaurant for so long as Developer is licensed by Franchisor to use the System.
3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets for distribution to unauthorized persons without Franchisor's express written permission.
4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees and advisors of Developer and only to the limited extent necessary to train or assist other employees and advisors of Developer in the development or operation of a Restaurant using the System.
5. Covenantor shall surrender any material containing some or all of the Trade Secrets to Developer or Franchisor, upon request, or upon termination of employment by Developer, or upon conclusion of the use for which such information or material may have been furnished to Covenantor.
6. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. All manuals are loaned by Franchisor to Developer for limited purposes only and remain the property of Franchisor and may not be reproduced for distribution to unauthorized persons, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants that for so long as Developer retains an interest in the Development Agreement and Covenantor is employed by Developer, Covenantor shall:

a. Not divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Restaurants to any competitor.

b. Not knowingly employ, or seek to employ, any person who is at the time or was within the preceding ninety (90) days employed by Franchisor, or any of its affiliates, or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Developer's employment of such person if permitted under the Development Agreement.

c. Except for the Restaurants described in the Development Agreement, not directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of Franchisor, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise assist or make loans, any business in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant,

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for one (1) year following the earlier of the expiration, termination or transfer of all of Developer's interest in the Development Agreement or the termination of his association with or employment by Developer, Covenantor will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Restaurants to any competitor.

b. Knowingly employ, or seek to employ, any person who is at the time or was within the preceding ninety (90) days employed by Franchisor or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment.

c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is of a character and concept similar to the Restaurants, which business is, or is intended to be located within the Territory, as such term is defined in the Development Agreement (and as described in the map attached thereto), or within a five (5) mile radius of the location of any SFO Restaurant or food service facility in existence or under construction at any given time during such period.

3. For the purposes of this Agreement, a "competitor" or a "restaurant or deli business which offers and sells brick oven pizza, soup, salad & sandwiches" or a "business of a character and concept similar to the Restaurant" shall only be deemed to include restaurants or deli businesses which offer and sell brick oven pizza and the sale of brick oven pizza products constitutes more than thirty (30) percent of the gross revenues of the business.

Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor may be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor or the Developer to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, WITHOUT REFERENCE TO OHIO CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF CUYAHOGA COUNTY, OHIO AND THE FEDERAL DISTRICT COURTS FOR THE EASTERN DISTRICT OF OHIO. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY OHIO OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE CUYAHOGA COUNTY, OHIO; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

SFO Franchise Development Ltd.
9150 South Hills Blvd., Suite 225
Cleveland, Ohio 44147
Attention:
Facsimile: 440-717-9447

If directed to Developer, the notice shall be addressed to:

Badna Investments, Inc.
1179 W. Corporate Drive, Suite #107
Arlington, TX 76006
Attention: Sam Adi / Mohamad Farhat
Facsimile: 817-633-6400

If directed to Covenantor, the notice shall be addressed to:

Facsimile: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days' written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or

Covenantor, without the prior written consent of Franchisor, which shall not be unreasonably withheld, delayed or conditioned.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:
SFO FRANCHISE DEVELOPMENT LTD.
An Ohio corporation

ATTEST:

By: _____
Name: Matt Harper
Title: President

Witness

DEVELOPER:
BADNA INVESTMENTS, INC.

By: _____
Printed Name: _____

Witness

COVENANTOR:

By: _____
Name: _____

ATTACHMENT C
TO SFO FRANCHISE DEVELOPMENT, LTD
DEVELOPMENT AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

1. **OWNERSHIP INTERESTS.** The persons or entities listed below comprise all of Developer's shareholders, partners or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest, as of the date of Developer's execution of the Development Agreement :

Name	Percentage of Ownership/Nature of Interest
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2. **DEVELOPER'S PRINCIPALS.** The persons or entities listed below comprise, in addition to those persons listed in item 1. above, all of Developer's Principals as defined in and designated pursuant to the Franchise Agreement, each of whom shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment B:

Name	Title/Position
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* Indicates Developer's Operating Principal

**ATTACHMENT D
TO SECOND ADDEDUM TO
SFO FRANCHISE DEVELOPMENT, LTD.
DEVELOPMENT AGREEMENT**

DEVELOPMENT SCHEDULE

Date by which Restaurant is to be opened**	# of Restaurants to be Opened	Cumulative # of Restaurants Opened
	0	0
	0	0
	0	0
	0	0
	0	0

** Expiration date of applicable development period

TERRITORY DEFINITION:

Within the State of _____ :