

EXHIBIT C
FRANCHISE AGREEMENT

SFO FRANCHISE DEVELOPMENT LTD.

FRANCHISE AGREEMENT

FRANCHISEE

DATE ___/___/___

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SFO FRANCHISE DEVELOPMENT LTD.

FRANCHISE AGREEMENT

THIS FRANCHISE 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 _____, having its principal place of business at _____, an _____ ("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 which utilize the themes and attractions of San Francisco, specializing in the sale of brick oven pizza, soups, salads and sandwiches prepared in accordance with Franchisor's recipes and specifications (hereinafter, "Restaurant(s)" or "Franchised Business(es)");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary 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, logos, emblems and indicia of origin, including, but not limited to, the marks "San Francisco Oven," "San Francisco Oven, Brick Oven Pizza, Soup, Salad & Sandwiches, a Taste of the Bay Area," 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 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 the 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, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications;

WHEREAS, Franchisee desires to use the System in connection with the operation of a San Francisco Oven restaurant at the location specified in Attachment A hereto, as well as to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, this Agreement is entered into pursuant to a Development Agreement (the "Development Agreement") between Franchisor and _____ dated _____.

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 Franchisee 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 business in which the sale of pizza for on premise consumption constitutes more than thirty (30) percent of the gross revenues of the business, excluding the sale of beverages.

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

1. If Franchisee 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 Franchisee'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 Franchisee 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 Franchisee'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 limited liability company is required to take or omit to take under this Agreement; or

3. If Franchisee is a partnership, that the Controlling Principal(s), either individually or cumulatively (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 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. Force Majeure Event. A "Force Majeure Event" shall include acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control.

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

F. 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 matters described herein and payable to third parties.

G. Licensed Location. The term "Licensed Location" means the premises at the specific street address of the Restaurant location to which the rights granted by this Franchise Agreement shall apply as set forth in Attachment A.

H. Manuals. The term "Manuals" shall mean, collectively, Franchisor's written Manuals pertaining to the operation of all Restaurants including, without limitation, operations, administration, marketing, advertising, store development, and customer service; and other written directives which Franchisor may issue pertaining to all Restaurants from time to time whether or not such directives are included in the Manuals, and any other Manuals and materials created or approved for use throughout the System.

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

J. 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.

K. 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, 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").

L. The Restaurant. "The Restaurant" shall mean the San Francisco Oven Restaurant for which the rights and license are granted to Franchisee pursuant to this Franchise Agreement.

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

N. ServSafe® Food Safety Training Program. The "ServSafe® Food Safety Training Program" shall mean the food safety training and certification program sponsored and sanctioned by the National Restaurant Association Educational Foundation.

II. **GRANT OF FRANCHISE RIGHTS**

A. License to Operate a Restaurant. In reliance on the representations and warranties of Franchisee and the Controlling Principals hereunder, Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate one (1) Restaurant under the Marks and the System in accordance with this Agreement. Franchisee and the Controlling Principals have represented to Franchisor that they have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. Franchisee and the Controlling Principals understand and acknowledge that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, Franchisee and the Controlling Principals and that this Agreement and the rights and obligations hereunder may

not be transferred (other than to an Affiliate of Franchisee pursuant to Section XXI.) until after the Restaurant is open for business to the public and in accordance with Section IV (E).

B. Primary Area of Responsibility. The License granted under this Agreement shall apply to Franchisee's assigned Primary Area of Responsibility ("PAR") consisting of the geographical area specified in Attachment A.

C. Licensed Location. This Agreement does not grant to Franchisee the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any location other than the Licensed Location.

1. Purchased Location. If Franchisee elects to purchase the premises for the Restaurant, Franchisee shall furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution.

2. Leased Location. If Franchisee will occupy the premises of the Restaurant under a lease, Franchisee shall submit a copy of the lease to Franchisor for written approval prior to its execution and shall furnish to Franchisor a copy of the executed lease within ten (10) days after execution. No lease for the Licensed Location shall be accepted by Franchisor unless an addendum to the lease substantially in the form as set forth in Attachment B, is attached to the lease and incorporated therein. Franchisor shall have ten (10) days after receipt of the lease to either approve or disapprove such documentation prior to its execution.

3. Failure of Franchisee to obtain possession. In the event that Franchisee is unable to (i) obtain possession of the Licensed Location for the Restaurant or (ii) procure all necessary permits, licenses, variances and approvals for the operation of the Restaurant at the Licensed Location, all within six (6) months from the effective date hereof, then Franchisor shall have the right, but not the obligation to terminate this Agreement; in which event:

- a) The right to develop the Restaurant granted by the Development Agreement shall be reinstated and the original development period contained in the Development schedule pertaining thereto shall be extended by six (6) months; and
- b) Seventy Five percent (75%) of the initial franchise fee, or portion thereof, paid upon execution of this Agreement pursuant to Section VI(A), shall be applied by Franchisor against the initial franchise fee payable upon exercise of the development right reinstated as per Section II(C)(3)(a) above.

D. Rights Exclusive to Franchisee. Except as provided in this Agreement, and subject to Franchisee's and the Controlling Principals' substantial compliance with this Agreement, and any SFO System Agreement, neither Franchisor nor any of its Affiliates, or any of their licensees, shall establish or authorize any other person or entity, other than Franchisee, to establish an Restaurant in the Primary Area of Responsibility during the term of this Agreement.

III. RIGHTS RETAINED BY FRANCHISOR. Franchisee acknowledges and understands that the rights granted hereunder pertain only to the establishment of a Restaurant. Franchisee acknowledges and agrees that Franchisor and its Affiliates operate Restaurants under the Marks. Accordingly, and 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 PAR.

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 PAR, 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 Restaurants.

C. Reserved Areas. Notwithstanding the rights granted to Franchisee pursuant to this Agreement, Franchisor shall retain the right to operate Restaurants within Reserved Areas located within the PAR, subject however, to the terms and conditions contained in the Development Agreement, and any prior rights granted to Franchisee or Developer for the operation of such Restaurants in such Reserved areas as contained therein.

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 PAR.

IV. SITE DEVELOPMENT, PLANS AND CONSTRUCTION. Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing the Licensed Location and for constructing and equipping the Restaurant.

A. Zoning; Permits; Licenses; Certifications; Insurance. Prior to beginning the construction of the Restaurant, Franchisee shall:

1. Obtain all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Licensed Location;
2. Obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant; and
3. Certify in writing to Franchisor that the insurance coverage specified in Section XVIII is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained.

Upon request, Franchisee shall provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

B. Architectural; Engineering; Design. Franchisee must obtain all architectural, engineering and design services it deems necessary for the construction of the Restaurant, at its own expense, from an architectural design firm approved by Franchisor, which approval shall not be unreasonably withheld, delayed or conditioned. Franchisee shall adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to Franchisee by Franchisor in accordance with Section VIII (A) as necessary for the construction of the Restaurant and shall submit such adapted plans to Franchisor for review and approval. If Franchisor determines, in its reasonable discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans, and in this event will notify Franchisee of any objection(s), together with a reasonably detailed list of changes necessary to make the plans acceptable, within ten (10) days following receipt of such plans. If Franchisor fails to notify Franchisee of an objection to the plans within this time period, Franchisee may use such plans. Franchisor shall, upon a re-submission of the plans with such changes, notify Franchisee within ten (10) days following receipt of the resubmitted plans whether the plans are acceptable. If Franchisor fails to notify Franchisee of any objection within such time period, Franchisee may use the resubmitted plans. Franchisee acknowledges that Franchisor's review of such plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express

or implied, by Franchisor that such plans are accurate or free of error concerning their design or structural application.

C. Construction; Remodeling. Franchisee shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant as soon as is practicable following Franchisor's approval of such plans pursuant to Section IV(B).

1. General Contractor / Bids. Franchisee shall retain a General Contractor to bid, direct, manage, supervise, and/or perform the construction or remodeling work for the Restaurant. Such General Contractor must be approved by Franchisor in writing prior to being retained by Franchisee; which approval shall not be unreasonably withheld, delayed or conditioned. Nothing in this Section IV(C)(1) shall preclude Franchisee from acting as its own General Contractor, provided however, that Franchisee will be subject to Franchisor's approval as with a third party as provided herein.

2. Commencement. Commencement of construction shall be defined as the time at which any site work is initiated by or on behalf of Franchisee at the Licensed Location accepted for the Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises.

3. Reporting; Inspections. During the time of construction or remodeling, Franchisee shall provide Franchisor with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor. In addition, Franchisor may, at Franchisor's expense, make such on-site inspections as it may deem reasonably necessary to evaluate such progress or to inspect the completed Restaurant. Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date.

4. Authorization to Open. Franchisee acknowledges and agrees that Franchisee will not open the Restaurant for business without the written authorization of Franchisor.

D. Fixtures; Equipment; POS System; Franchisee shall furnish and equip the Restaurant with such fixtures, furniture and equipment meeting Franchisor's specifications including, without limitation, refrigerated coolers, brick oven, dishwasher, walk in cooler, shelving, mixer(s), microwave oven(s), work tables, convection oven, and small-wares. Further, Franchisee shall acquire from a vendor approved by Franchisor pursuant to Section XII(D) and install the Retail Point of Sale ("POS") System described in the Manuals to the exact specifications set forth therein, including any required upgrades, enhancements or changes therein as required as of the date of installation in the Restaurant. Franchisee's office systems shall include, in addition to telephones, a facsimile machine (or similar computer device capable of sending and receiving facsimile transmissions) and a copy machine for general use.

E. Opening Date. Franchisor and Franchisee acknowledge that time is of the essence. Subject to Franchisee's substantial compliance with the conditions stated below, Franchisee shall open the Restaurant and commence business on or before the later of (i) the one hundred and fiftieth (150th) day following the commencement of construction (as defined in Section IV (C) above) of the Restaurant at the Licensed Location, or (ii) the tenth (10th) day following completion of Franchisor's inspection and receipt of the written authorization referred to in Section IV(C) above, unless Franchisee obtains an extension of such time period from Franchisor in writing. The date the Restaurant opens for business to the public as provided herein ("Opening Date") shall be set forth in Attachment A. Prior to opening, Franchisee shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications approved by Franchisor, and shall comply with

all other pre-opening obligations of Franchisee to Franchisor's reasonable satisfaction. If Franchisee fails to substantially comply with any of such obligations, except by reason of a Force Majeure Event, Franchisor shall have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Restaurant and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

V. TERM AND RENEWAL

A. Initial Term. Unless sooner terminated as provided in Section XXV. hereof, the initial term of this Agreement shall continue from the Effective Date until the earlier of (i) ten (10) years from Opening Date or (ii) the expiration or termination of Franchisee's right to possess the Licensed Location.

B. Renewal Terms. Franchisee may, at its option, renew the rights under this Agreement for additional consecutive terms of five (5) years each (provided that such renewal term shall automatically terminate upon the expiration or termination of Franchisee's right to possess the Licensed Location), subject to any or all of the following conditions which must, in Franchisor's reasonable discretion, be met prior to and at the time of renewal:

1. Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term or first renewal term, as applicable.
2. Franchisee shall repair or replace, at Franchisee's cost and expense, equipment (including the POS System or computer hardware or software systems inclusive of any software upgrades required of Franchisee), signs, interior and exterior decor items, fixtures, furnishings, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Restaurant as Franchisor may reasonably require and shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Restaurant or to provide the Restaurant's services by alternative means such as through carry-out, catering or delivery arrangements and shall otherwise modernize the Restaurant premises, equipment (including the POS System or computer hardware or software systems), signs, interior and exterior décor items, fixtures, furnishings, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Restaurant, as reasonably required by Franchisor to reflect the then-current standards and image of the System and as contained in the Manuals or otherwise provided in writing by Franchisor;
3. Franchisee shall be in compliance with this Agreement, any amendment hereof or successor hereto.
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates under this Agreement;
5. Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Licensed Location or obtain Franchisor's approval of a new site for the operation of the Restaurant for the duration of the renewal term of this Agreement; and
6. Franchisee and its Controlling Principals and Franchisor shall execute a mutual general release of any and all claims against each other and their respective Affiliates and 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 or under federal, state or local laws, rules, regulations or orders.

VI. FEES.

A. Initial Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of Twenty-Five Thousand Dollars (\$25,000) [*Thirty-Five Thousand Dollars (\$35,000) if the Licensed Location is within the State of Florida*], reduced by that portion of the Development Fee specifically pertaining to the Licensed Location herein as set forth in the Development Agreement, if any, which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned and non-refundable, except as provided in Section II (C) (3) hereof, in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party.

B. Weekly Royalty Fee. During the term of this Agreement, Franchisee shall pay to Franchisor, in partial consideration for the rights herein granted, a continuing weekly royalty fee of five percent (5%) of Gross Sales

1. Definition of Gross Sales. For purposes of determining weekly royalty fees hereunder "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant or otherwise arising out of the Restaurant's operations, including without limitation sales or orders of food, food products, beverages, food preparation services, catering services, and delivery services. Gross Sales shall be determined without regard for the amounts or forms of tender received in connection therewith, except as otherwise provided herein. Gross Sales shall expressly exclude the following:

- a) Vending machine / pay phone revenues. Receipts from the operation of any public telephone installed in the Restaurant, or products from vending machines located at the Restaurant, except for any amount representing Franchisee's share of such revenues.
- b) Sales Tax Collected. Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Restaurant, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that such taxes are actually transmitted to the appropriate taxing authority.
- c) Sales of Trade Fixtures. Proceeds from incidental sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Restaurant nor having any material effect upon the ongoing operation of the Restaurant required under this Agreement.
- d) Discounts and Allowances. The value of Customer and employee discounts, coupons redeemed, and complimentary meals;
- e) Employee Meals. The value of meals furnished to Franchisee's employees as an incident to their employment;
- f) Gift Cards. The proceeds from the sale of gift cards, gift certificates, or other similar sales vouchers.

2. Determination and Due Date. The weekly royalty fee shall be based on Gross Sales for each seven day period commencing on Monday and ending on Sunday of each week ("Royalty Accounting Period") during the term hereof (the first such Royalty Accounting Period beginning on the Opening Date and ending on the next following Sunday); and shall be due and payable no later than 12:00 noon on the Wednesday next following the end of each such Royalty Accounting Period, provided that such day is a business day. A business day for the purpose of this Agreement means any day other than 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. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

3. Reporting. For each Royalty Accounting Period during the term hereof, Franchisor shall extract, from data generated and reported by Franchisee's POS system as contemplated in Section XII (E) (9) hereof, a weekly royalty report which shall set forth the Gross Sales and royalty fee due for such Royalty Accounting Period ("Royalty Report"). Franchisor shall provide Franchisee, or Franchisee's designee, with such Royalty Report no later than 12:00 Noon on the Monday next following the end of each Royalty Accounting Period via e-mail transmission, or if such mode is not reasonably available, by facsimile transmission. Franchisee acknowledges and agrees that technical difficulties or failures may interfere with or disable Franchisee's POS system hardware, software or the POS Network from time to time. If, as a result thereof, Franchisor is unable to extract and transmit Franchisee's Royalty Report on the day and time when due hereunder, then the Royalty fee due for the applicable Accounting Period shall be estimated at the amount reported on the most recent Royalty Report provided to Franchisee by Franchisor until such time as the applicable Royalty Report is available for extraction by Franchisor from Franchisee's POS system. The amount of such estimated Royalty fee paid shall be reconciled against the actual royalty fee due, when such amount is subsequently determined, and any under payment or over payment of the royalty fee arising therefrom shall be added to or deducted from the royalty fee due for the next Royalty Accounting Period following the date on which such actual royalty fee is determined.

VII. PAYMENTS.

A. Electronic Funds Transfer Authorization. Franchisee agrees that Franchisor shall be entitled to initiate electronic debit or credit transactions ("EFT Transactions") to Franchisee's bank account for purposes of (i) collecting all fees and other amounts due by Franchisee pursuant to this Agreement, or (ii) paying any amounts due by Franchisor to Franchisee under this Agreement. The following terms and conditions shall apply to all EFT transactions initiated by Franchisor pursuant to this Agreement:

1. Franchisee's Authorization. Franchisee shall, upon execution of this Agreement or at any time thereafter at Franchisor's request, authorize Franchisor in writing to initiate debit transactions to Franchisee's designated bank account; which authorization(s) shall remain in effect at all times during the entire term of this Franchise Agreement. Such authorization shall be substantially in the form prescribed in Attachment E.
2. Timing. Franchisor may initiate EFT transactions after 12:00 Noon on the due date of each payment for which such transaction is initiated, unless such day is not a business day, in which case the transaction may be initiated on the next succeeding business day.

3. Dishonor. Should any EFT transaction not be honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment plus a reasonable service charge applied by Franchisor and the bank, if any.

4. Bank Balance requirement. Franchisee agrees that it shall at all times throughout the term of this Agreement and for ten (10) days thereafter, maintain a balance in the bank account designated for EFT transactions sufficient to cover the amounts of such transactions.

B. Late or Non-Payment; Interest. Franchisee shall not be entitled to withhold payments due Franchisor under this Agreement on grounds of alleged non-performance by Franchisor hereunder. Any payment or report not actually received by Franchisor on or before such date shall be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this section shall govern and prevail, and neither Franchisee nor its Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

C. Late Payment Fee – Royalty Fees. If any Royalty Fee payment is not received by Franchisor as required by Section VI, Franchisee shall pay to Franchisor, in addition to the overdue amount and interest pursuant to Section VII(B) above, a fee of Fifty Dollars (\$50) per day for each day that the Royalty Fee remains unpaid. This fee is reasonably related to Franchisor's costs resulting from the delay in payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay Royalty Fees in accordance with the terms of this Agreement. If for any reason the fee of Fifty Dollars (\$50) is deemed to be interest charged, required or permitted in excess of the maximum rate allowed by applicable law, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party that paid such amount.

VIII. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the materials, products, and/or services described below with regard to the Restaurant:

A. On Loan, Architectural and Design Plans. On loan, one (1) set of prototypical architectural and design plans and specifications for a San Francisco Oven Restaurant for adaptation to the Licensed Location for construction of the Restaurant in accordance with Section IV.

B. On-site Visits. Visits to the Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor, as contemplated by Section XII (E) (6).

C. Advertising and Promotional Materials. Certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Restaurant at a reasonable cost to Franchisee. Franchisor

shall have the right to review and approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section XIII.

D. Management/Operations advice. Advice and written materials, including without limitation the Manuals, concerning techniques of managing and operating the Restaurant from time to time developed by Franchisor, including new developments and improvements in equipment, food products and the packaging and preparation thereof and menu items.

E. Merchandise and Equipment. From time to time and at Franchisor's reasonable discretion, at a reasonable cost, make available for resale to Franchisee's customers, certain merchandise identified with the System, such as pre-packaged food products and San Francisco Oven memorabilia, in sufficient amounts to meet customer demand. Similarly, Franchisor may make available, from time to time, certain Restaurant equipment and décor items at a reasonable cost.

F. Approved Suppliers List. A list of approved suppliers as described in Section XII (C) from time to time as Franchisor deems appropriate.

G. Initial, Remedial and Other Training Programs. An initial training program for Franchisee's Operating Principal, General Manager and other Restaurant personnel; and other such remedial or additional training programs as required by the provisions of Section XI.

H. Pre-Opening / Post-Opening Assistance. In connection with the opening of the Restaurant, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor or its designee. The trainer will provide on-site pre-opening and opening training, supervision, and assistance to Franchisee for a period of two (2) weeks. Provided that the Restaurant is the first to be opened pursuant to the Development Schedule contained in the Development Agreement, all opening assistance shall be provided at no charge to Franchisee. If the Restaurant is not the first to be so opened, Franchisor may charge the per diem fee then being charged to Franchisees generally for such assistance, including any expenses incurred by Franchisor's trainer(s), such as costs of travel, lodging, meals and wages.

I. Creative Fund / Advertising Cooperative. Establishment and administration of a creative fund and/or advertising cooperatives in accordance with Section XIII.

IX. REPRESENTATIONS AND WARRANTIES OF FRANCHISEE AND CONTROLLING PRINCIPAL(S). Franchisee and the Controlling Principal(s) make the following representations, warranties and covenants and agree that they shall be continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

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

1. Franchisee is duly organized and validly existing under the state law of its formation.
2. Franchisee 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. Franchisee's corporate charter, operating agreement, or written partnership agreement shall at all times provide that the activities of Franchisee 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 Franchisee's corporate power, if Franchisee is a

corporation, if Franchisee is a limited liability company, permitted under the operating agreement, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and have been duly authorized.

B. Ownership Interests; Franchisee's Principals. All holder's of an ownership interest in Franchisee and all of Franchisee's principals, as such are defined herein, respectively, are accurately and completely described in Attachment C.

C. Corporate Records and Documents. If Franchisee is a corporation, or limited liability company, Franchisee represents and warrants that it has furnished to Franchisor prior to the execution of this Agreement true and correct copies of Franchisee'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 Franchisee is a partnership, Franchisee represents and warrants that it has furnished to Franchisor prior to the execution of this Agreement true and correct copies of Franchisee'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 Franchisee's written partnership agreement;

E. Financial Statements. Franchisee represents and warrants that it has provided Franchisor with financial statements of Franchisee 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 Franchisee, as of the date(s) indicated therein, and the results of Franchisee's operations and its cash flows for the periods indicate therein. Franchisee is unaware, as of the Effective Date, 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 Franchisee's Ownership Interests. Franchisee represents and warrants that as of the Effective Date, it has established and shall continuously maintain restrictions on the transfer of its ownership interest as required by this Agreement.

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

A. Time and Effort. Franchisee and the Controlling Principals each agree to devote commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales; provided however, that such efforts shall not be construed to prohibit any Controlling Principal from engaging in other business activities not precluded by Section XVI hereof.

B. Maintain and Provide Ownership Records. If Franchisee is a corporation, Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee; or, if Franchisee is a partnership or other form of legal entity, Franchisee shall maintain at all times a current list of all owners of an interest in the partnership or entity. Franchisee 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;

C. Designate Franchisee's Principals. If, after the execution of this Agreement, any person or entity ceases to qualify as one of the Franchisee's Principals or if any individual or entity succeeds to or otherwise comes to occupy a position which would qualify him/her/it as one of Franchisee's Principals as defined herein, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person or entity by Franchisor as one of Franchisee'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 the person or entity being replaced was bound hereunder;

D. Maintain Restrictions on Transfer of Franchisee's Ownership Interests. If Franchisee is a corporation, Franchisee 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 Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to all restrictions imposed upon assignments by this Agreement;

E. Confidentiality Agreement and Ancillary Covenants Not to Compete. The Franchisee shall cause each of Franchisee's Principals to 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 are set forth in Attachment D to this Agreement; and to provide Franchisor with copies of such fully executed agreements.

F. Designate and retain an Operating Principal. Upon the execution of this Agreement, and thereafter for the entire term of this Agreement, Franchisee shall designate and retain an Operating Principal of the Restaurant who, at his/her/its option, may also serve as the Restaurant's General Manager, and who shall execute this Agreement as one of the Controlling Principals. If Franchisee is an individual, Franchisee shall perform all obligations of the Operating Principal. The Operating Principal shall use his/her/its best efforts and devote such time and effort as is commercially reasonable to the supervision and conduct of the business contemplated by this Agreement. 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 the Operating Principal, as defined herein; provided that the Operating Principal shall take all necessary action to ensure that such designee conducts and fulfills all of such duties and 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 Franchisee. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in Franchisee 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. The Operating Principal (and any such designee) shall meet Franchisor's reasonable and uniformly applied standards and criteria for such individual or entity, as set forth in the Manuals as defined herein or otherwise in writing by Franchisor.

4. 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, Franchisee 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. Franchisee 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 X(F)(4) shall be deemed a material event of default under this Agreement.

G. Designate and Retain a General Manager. Upon the execution of this Agreement, and at all times thereafter during the term of this Agreement, Franchisee shall designate and retain a general manager ("General Manager") to direct and be responsible for the operation and management of the Restaurant, and who shall devote full time and best efforts to the supervision and management of the Restaurant's day to day operations. The following qualifications, terms, conditions and covenants shall apply to the General Manager under this Agreement:

1. The General Manager shall satisfy Franchisor's reasonable and uniformly applied educational, training and business experience criteria as set forth in the Manuals or otherwise in writing by Franchisor and otherwise be reasonably acceptable to Franchisor;

2. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section X(G), Franchisee shall promptly notify Franchisor and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by Franchisor. Franchisee shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section X(G) shall be deemed a material event of default pursuant to Section XXV hereof.

H. Adherence to laws, rules and regulations. Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including without limitation obtaining the appropriate licenses for the sale of alcoholic beverages as may be required by Franchisee's local or state government.

XI. FRANCHISEE'S TRAINING. Franchisee agrees that it is necessary to the continued operation of the System and the Restaurant that Franchisee's Operating Principal, General Manager, and other Restaurant personnel receive and complete such training as Franchisor may reasonably and uniformly require. Accordingly, Franchisee shall accept and ensure the performance and fulfillment of the following training obligations:

A. Mandatory Initial Training Program. Provided that the Restaurant is the first to be opened pursuant to the Development Agreement, Franchisee's initial management group shall be required to attend and complete, to Franchisor's satisfaction, Franchisor's initial training program no later than thirty (30) days prior to the date the Restaurant commences operations, in accordance with the following terms:

1. Personnel required to be Trained. For purposes of this Section XI, the initial management group shall consist of Franchisee's Operating Principal, General Manager, and, one other employee as Franchisee may designate.

2. Pre-requisites. Prior to attending the initial training program, each member of the initial management group to be trained must have first successfully completed the ServSafe® Food Safety Training Program and attained the designation as a certified ServSafe® Manager as a result thereof.

3. No Fee for Initial Management Group. Franchisor shall provide the initial training program, including all instructors and materials related thereto, to Franchisee's initial management group defined above at no charge to Franchisee.

4. Additional Personnel. Franchisee, at its option, may designate managers or other restaurant personnel, in addition to the initial management group, to attend Franchisor's initial training program at any time during the term hereof; provided however, that Franchisor may charge a training fee for training such additional personnel.

5. Training Location. The initial training program shall be conducted by Franchisor or its designee at a Franchisor or designee-operated Restaurant or such other location designated by Franchisor.

6. Satisfactory Completion. Franchisor shall determine, in its discretion, whether each member of the initial management group has satisfactorily completed initial training. If the initial training program is not satisfactorily completed by any member of the initial management group, or if Franchisor in its business judgment based upon the performance of any such person, determines that the training program cannot be satisfactorily completed by any such person, Franchisee shall designate a replacement to satisfactorily complete such training.

7. Incidental Costs and Expenses. Franchisee shall be responsible for any and all expenses incurred by Franchisee or Franchisee's initial management group and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and wages.

B. Non-Mandatory Initial Training. Provided that the Restaurant is not the first to be opened pursuant to the Development Agreement, Franchisee's initial management group may, at Franchisee's option, attend and complete, to Franchisor's satisfaction, Franchisor's initial training program no later than thirty (30) days prior to the date the Restaurant commences operations, in accordance with the same terms and conditions as described in Section XI(A) above. If, however, either the Operating Principal or the General Manager, or both of them, have previously attended and successfully completed Franchisor's initial training program, then Franchisee may, at its option, designate such other employee(s) to replace such person as a member of the initial management group for purposes of the initial training program; provided however that in no event shall the initial management group consist of more than three (3) individuals.

C. Additional Training. Franchisee's Operating Principal, General Manager and such other Restaurant personnel as Franchisor shall designate shall attend such additional training programs and seminars as Franchisor may offer from time to time, if Franchisor requires such attendance. For all such programs and seminars, Franchisor will provide the instructors and training materials. However, Franchisor reserves the right to impose a reasonable fee for such additional training programs and seminars that are not mandatory. Franchisee shall be responsible for any and all expenses incurred by Franchisee or its personnel in connection with such additional training, including, without limitation, costs of travel, lodging, meals, and wages.

D. On-Site Remedial Training. Upon the reasonable request of Franchisee or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site

remedial training and assistance to Franchisee's Restaurant personnel. For additional training and assistance requested by Franchisee, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, meals, and wages. The per diem fee will not be charged if such assistance is provided based on Franchisor's determination that such training and assistance is necessary; however, Franchisor reserves the right to charge for its reasonable expenses incurred in connection with such training and assistance.

XII. FRANCHISE OPERATIONS. Franchisee acknowledges and understands the importance of maintaining uniformity among all of the Restaurants and therefore agrees to comply with all of Franchisor's standards and specifications relating to the operation of the Restaurant as set forth below:

A. Sanitation, Maintenance and Repair. Franchisee shall, at Franchisee's cost and expense, maintain the Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent, not to be unreasonably withheld, delayed or conditioned) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and décor as Franchisor may reasonably direct in order to maintain system wide integrity and uniformity. Franchisee shall also obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which may be reasonably required by Franchisor throughout the System to offer and sell new menu items or to provide the Restaurant services by alternative means, such as through carry-out, catering or delivery arrangements. Except as may be expressly provided in the Manuals, no alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Restaurant or its premises without the prior written approval of Franchisor, which shall not be unreasonably withheld, delayed or conditioned.

B. Point of Sale Computer System. Throughout the term of this Agreement, Franchisee shall, at Franchisee's cost and expense, maintain the computer hardware, software and peripheral equipment pertaining to the POS System in a manner which:

1. Ensures, to the fullest extent possible, full functionality and availability of the system during all hours of operation of the Restaurant throughout the entire term of this Agreement.
2. Substantially maintains the accuracy and integrity of any data base required for effective operation of the POS System.
3. Reasonably protects such data bases from corruption, erasure or loss.
4. Continually upgrades the POS system software to comply with prevailing system standards and so that it is at all times during the term hereof, the same version as is used by all San Francisco Oven Restaurants system-wide.

C. Modernization. To assure the continued success of the Restaurant, Franchisee shall, upon the request of Franchisor, make other improvements to modernize the Restaurant premises, equipment, signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to Franchisor's then-current system wide standards and specifications. Notwithstanding the above, Franchisee agrees that it will make such capital improvements or modifications described in this Section XII.C. if so requested by Franchisor on or before the fifth (5th) anniversary of the Opening Date, provided that all of the Restaurants then operated by Franchisor or its Affiliates have made or are utilizing best efforts to make such improvements, and all Franchisees are required to complete such

modifications or improvements before the fifth (5th) anniversary of the Opening Date of their respective Restaurants, system wide.

D. Purchasing. Franchisee shall substantially comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including the POS System and computer hardware and software systems) and other products used or offered for sale at the Restaurant.

1. Use of Approved Suppliers. Except as provided in Sections XII(E) and XII(G) with respect to certain materials bearing the Marks and proprietary products, and Section XII.J. with respect to vehicles used in the operation of the Restaurant, Franchisee shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet Franchisor's then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier; and who have not thereafter been disapproved by Franchisor.

2. Use of Unapproved Suppliers. If Franchisee desires to purchase, lease or use any products or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge, not to exceed the reasonable cost of the inspection and the actual cost of the test, shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier.

3. Exempt Commodities. Franchisee may purchase or otherwise procure any products or other items designated in the Manuals by Franchisor as an "exempt commodity" from any approved or unapproved supplier of Franchisee's choosing.

E. Restaurant Operations. To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Restaurant in conformity with such methods, standards and specifications of Franchisor set forth in the Manuals and as may, from time to time, otherwise be prescribed in writing, including without limitation, the following:

1. To sell or offer for sale all menu items, products and services required by Franchisor and in the method, manner and style of distribution prescribed by Franchisor, including, but not limited to, eating-in, carry-out, catering or delivery services, only as expressly authorized by Franchisor in writing in the Manuals or otherwise. Franchisee agrees to comply with the terms of any such distribution program and in connection therewith to execute such documents or instruments that Franchisor may reasonably deem necessary to such program.

2. To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor; to refrain from deviating from

Franchisor's uniform standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products or services which Franchisor may, in its reasonable discretion, disapprove in writing at any time.

3. To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to Franchisor's standards and specifications; to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without Franchisor's prior written consent.

4. To permit Franchisor or its agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from Franchisee's inventory or from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's reasonable specifications.

5. To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including the POS System and computer hardware and software systems), décor items, signs, catering or delivery vehicles, and related items as Franchisor may direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, catering or delivery vehicles, décor items, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications. If any of the property described above is leased by Franchisee from a third party, a copy of such lease shall be provided to Franchisor prior to execution.

6. To grant Franchisor and its agents the right to enter upon the Restaurant premises and any catering or delivery motor vehicles, during normal business hours, for the purpose of conducting inspections; to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand.

7. To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe from time to time.

8. To ensure that at least one (1) ServSafe® certified Manager or staff member is working and on duty during all hours of Restaurant operation.

9. To acquire, install and maintain, continuously during the entire term hereof, such communications equipment, services and systems, as may be uniformly specified by Franchisor from time to time in the Manuals, as are necessary to facilitate the electronic transmission of data from and to Franchisee's POS and other computer systems by Franchisor or its designated POS service providers, (collectively, "Data Communications System"). Such Data Communications System shall include, without limitation, a high speed internet connection (e.g., DSL, Cable modem, etc.) and be configured at all times to allow Franchisor access to Franchisee's data base and to retrieve therefrom information pertaining to Franchisee's Restaurant, Gross Sales, and other such information contained or stored therein. It shall be a material default under this Agreement if Franchisee fails to maintain such Data Communications System in operation and accessible to and by Franchisor at all times throughout the term of this Agreement.

F. Pricing. With respect to the offer and sale of all menu and beverage items, Franchisor may from time to time offer guidance with respect to the selling price for such goods, products and services. Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee shall have the right to sell its products and provide services at any price that Franchisee may determine. If Franchisee elects to sell any or all its products or merchandise at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such products or merchandise at the recommended price will enhance Franchisee's sales or profits.

G. Proprietary Products; Recipes. Franchisee acknowledges and agrees that Franchisor has and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of Franchisor and other proprietary products bearing the Franchisor's Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such products. Accordingly, Franchisee agrees that if such products become a part of the System, Franchisee shall use only Franchisor's secret recipes and proprietary products and shall purchase solely from Franchisor or from a source designated by Franchisor all of Franchisee's requirements for such products. Franchisee further agrees to purchase from Franchisor for resale to Franchisee's customers certain merchandise identifying the System as Franchisor shall require, such as pre-packaged food products and San Francisco Oven memorabilia and promotional products, in amounts sufficient to satisfy Franchisee's customer demand. Proprietary food products, products bearing the Marks and other San Francisco Oven memorabilia and promotional products which Franchisee purchases from Franchisor or its Affiliates will be sold to Franchisee at cost, plus storage, shipping, handling, a reasonable markup (not to exceed five (5%) percent of cost) and an amount to compensate Franchisor or its Affiliate for administrative overhead in connection with facilitating the sale (not to exceed five (5%) percent of cost).

H. Advertising and Promotional Materials. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor.

I. Consumer Complaints. Franchisee shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify Franchisor by telephone and in writing of all of the following complaints: (i) food related illnesses, and (ii) safety or health

violations. Franchisee shall maintain for Franchisor's inspection any inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

J. Assignment of Telephone numbers; Internet sites and listings. Upon the execution of this Agreement or at anytime thereafter, Franchisee shall, at the option of Franchisor, execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to Franchisor only upon the termination or expiration of this Agreement, as required under Section XXVI(O) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business. Franchisee may establish a website or listing on the Internet or World Wide Web, provided that such site or listing conforms to Franchisor's Template uniformly employed throughout the System and Franchisee obtains Franchisor's prior written consent for such site or listing, which consent shall not be unreasonably withheld, delayed or conditioned.

K. Copies of Tax Returns and Reports. During the term of this Agreement upon Franchisor's request, Franchisee shall provide copies of any and all returns and reports filed by Franchisee with any state or federal taxing authority, pertaining only to the Franchised Business, provided that the information will be treated confidentially and not disclosed to third parties without the prior written consent of Franchisee.

L. Vehicles; Drivers. Any vehicle used by Franchisee to deliver Restaurant products and services to customers shall meet Franchisor's uniform standards with respect to appearance and ability to satisfy the requirements imposed on Franchisee hereunder. Franchisee shall place such signs and décor items on the vehicle as Franchisor requires and shall at all times keep such vehicle clean and in good working order. Franchisee shall not knowingly employ, engage or utilize any individual in the operation of a motor vehicle in connection with providing services hereunder who (i) is under the age of eighteen (18) years, (ii) does not possess a valid driver's license under the laws of the state in which Franchisee provides such services, (iii) is not an acceptable insurance risk by Franchisee's insurance carrier, or (iv) has been convicted of driving under the influence of alcohol or any other controlled substance within five (5) years prior to being so employed, engaged or utilized. Franchisee shall require each such individual to comply with all laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of motor vehicles. Except as noted above, Franchisor does not set forth any standards or exercise control over any motor vehicle utilized by Franchisee.

M. Unauthorized products; services. In the event Franchisee sells any food, beverage, products, premiums, novelty items, clothing, souvenirs or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall immediately, following notice from Franchisor: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day, following receipt of Franchisor's written demand that Franchisee cease offering the unauthorized product or service, such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by Franchisee. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

XIII. ADVERTISING; ADVERTISING FEES; PRICING. Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

A. Systemic Advertising and Promotion Programs. Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. Franchisee shall participate in all such Systemic advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program; and shall pay Franchisor for such advertising and promotional materials pertaining thereto. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor shall be final and binding upon Franchisee.

B. Minimum Annual Local Advertising Budget. In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of Franchisee's expenditures for local advertising to the Cooperative as described in Section XIII(D) or Creative Fund as described in Section XIII(C), Franchisee shall spend, annually throughout the term of this Agreement, not less than two percent (2%) of the Gross Sales of the Restaurant on advertising for the Restaurant in its Area of Primary Responsibility ("Local Advertising"). Franchisee shall submit to Franchisor annually an advertising expenditure report accurately reflecting such expenditures for the preceding period on or before the 1st business day of February following the end of each calendar year. Costs and expenditures incurred by Franchisee in connection with any of the following shall not be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing:

1. Incentive programs for employees or agents of Franchisee; including the cost of honoring any coupons distributed in connection with such programs.
2. Research expenditures.
3. Food costs incurred in any promotion.
4. Salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities.
5. Charitable, political or other contributions or donations.
6. In-store materials consisting of fixtures or equipment.
7. Seminar and educational costs and expenses of employees of Franchisee.

C. Creative Fund. Franchisor reserves the right to establish and administer a creative fund for the purpose of advertising the System on a regional or national basis (the "Creative Fund"). Franchisee agrees to contribute to the Creative Fund one percent (1%) of the Gross Sales reported in its Weekly Royalty Report on the day and in the manner prescribed for the Royalty Fee as set forth in Section VI(B) (the "Advertising Fee"). Franchisor may upon thirty (30) days notice, require Franchisee to allocate to the Creative Fund, all or any portion of Franchisee's required contributions to a Cooperative as described in Section XIII(D) or expenditures for Local Advertising as described in Section XIII(B); provided that reallocation of advertising contributions is uniformly and equitably applied throughout the System. Franchisor shall, however, not increase the Advertising Fee, expressed as a percentage of Gross Sales, by more than one tenth of one percent (0.1%) per year during the term hereof. In reviewing and modifying the Advertising Fee, Franchisor shall consider the level of advertising expenditures by Restaurants operated by Franchisor or its Affiliates and by competitors of the System, media

costs, available marketing resources, population changes, changes in market conditions, the degree of market penetration of the System, and such other factors as Franchisor deems relevant to the operation of the Creative Fund. Franchisee shall be provided with thirty (30) days' prior written notice of any such change in the Advertising Fee. Franchisee agrees that the Creative Fund shall be maintained and administered by Franchisor or its designee as follows:

1. Franchisor's Direction. Franchisor shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof.
 2. Uniform Basis for Contributions. Franchisee agrees and acknowledges that the Creative Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. Franchisor (with respect to Restaurants operated by Franchisor or any Affiliate) and all other Franchisees System-wide shall contribute to the Creative Fund on the same basis as Franchisee.
 3. Pro-Rata Expenditures not required. In administering the Creative Fund, Franchisor and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.
 4. Use of Funds. Franchisee agrees that the Creative Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; public relations activities; employing advertising agencies to assist therein; and costs of Franchisor's personnel and other departmental costs for advertising that is internally administered or prepared by Franchisor. Franchisor shall furnish to Franchisee marketing, advertising and promotional materials prepared for and paid by the Creative Fund at cost plus shipping and reasonable storage charges.
 5. Accounting and Administration. All sums paid by Franchisee to the Creative Fund shall be maintained in a separate account by Franchisor and may be used to defray any of Franchisor's general operating expenses, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Creative Fund and advertising programs for franchisees and the System; provided, however, that not more than 10% of the annual Creative Fund expenditures may be used for such internal operating expenses. The Creative Fund and its earnings shall not otherwise inure to the benefit of Franchisor. The Creative Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above.
 6. Accountability. A statement of the operations of the Creative Fund shall be prepared annually by Franchisor and shall be made available to Franchisee upon request.
 7. Duration. Although the Creative Fund is intended to be of perpetual duration, Franchisor may terminate the Creative Fund. The Creative Fund shall not be terminated, however, until all monies in the Creative Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by Franchisor or any Affiliate, without interest, on the basis of their respective contributions.
- D. Advertising Cooperative. Franchisee agrees that Franchisor shall have the right, in its reasonable discretion, to designate any geographic area in which two (2) or more Restaurants are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). The

members of the Cooperative for any area shall, at a minimum, consist of all Restaurants. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by Franchisor. Each Cooperative shall be organized for the exclusive purposes of administering advertising programs and developing, subject to Franchisor's approval pursuant to Section XIII(F), promotional materials for use by the members in Local Advertising. If at the time of the execution of this Agreement a Cooperative has been established for a geographic area that encompasses the Restaurant, or if any such Cooperative is established during the term of this Agreement, Franchisee shall execute such documents as are required by Franchisor immediately upon the request of Franchisor and shall become a member of the Cooperative pursuant to the terms of those documents. Franchisee shall participate in the Cooperative as follows:

1. Contributions. Subject to any allocation of Franchisee's contribution to a Cooperative to the Creative Fund as described in Section XIII(C), Franchisee shall contribute to the Cooperative such amounts required by the documents governing the Cooperative; provided, however, that Franchisee will not be required to contribute more than one and one half percent (1.5%) of Franchisee's Gross Sales to the Cooperative unless, subject to Franchisor's approval, the members of the Cooperative agree to the payment of a larger contribution. All such contributions shall be based on the Gross Sales reported in Franchisee's Weekly Royalty Report and payable to Franchisor on the day and in the manner prescribed for the Royalty Fee as set forth in Section VI(B) hereof ("Cooperative Fees"). Notwithstanding the above, the payment of any such Cooperative fee shall be applied toward satisfaction of the Franchisee's Local Advertising requirement set forth in Section XIII(B).
 2. Operation of Cooperative. Franchisee shall submit to the Cooperative and to Franchisor such information, statements and reports as may be required by Franchisor or by the Cooperative. All contributions to the Cooperative shall be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative shall be operated solely as a conduit for the collection and expenditure of the Cooperative Fees for the purposes outlined above.
 3. Franchisor's Approval. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section XIII(F).
- E. Regional Telephone Directory Advertising. Franchisee shall also pay its pro rata share of the cost of a Regional Telephone Directory trademark or other business listings placed by Franchisor on behalf of all San Francisco Oven Restaurants in the Restaurant's local market area. If Franchisee operates the only Restaurant under the System in the local market area, Franchisee shall be responsible for full payment of any Regional Telephone Directory trademark advertising or other business listing, unless Franchisor determines, in its sole discretion, that placement of a Regional Telephone Directory trademark listing or other business listings for such local market area is not economically justified. Any amount paid by Franchisee for such Regional Telephone Directory trademark or other business listings may be applied by Franchisee toward satisfaction of its Local Advertising requirement.
- F. Standards. All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not

been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof. Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Franchisee shall not advertise or use the Franchisor's Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without the express written consent of Franchisor.

G. Grand Opening Advertising. In addition to the ongoing advertising contributions set forth herein, Franchisee shall be required to spend a minimum of Five Thousand Dollars (\$5,000) on a grand opening advertising campaign to advertising the opening of the Restaurant. The grand opening advertising campaign shall be conducted in the ninety (90) day period comprising the thirty (30) days prior to and thirty (60) days following the Restaurant's opening. All advertisements proposed to be used in the grand opening advertising campaign are subject to Franchisor's review and approval in the manner set forth in this Section XIII(F).

H. Manufacturer / Supplier Rebates. In the event that any volume discounts, rebates, allowances, or other similar discounts are received by the Franchisor from any manufacturer or other supplier designated by the Franchisor on account of purchases made by the Franchisor for its account or for the account of the Franchisee, or by the Franchisee directly for his/her own account, the Franchisor may either remit same to the Creative Fund or distribute such amounts pro rata.

XIV. MARKS. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications. As a material inducement to Franchisee to enter into this Agreement, Franchisor represents and warrants that Franchisor is the owner of a perpetual, paid up license providing Franchisor with the exclusive right to use the Marks in commerce within the United States; that the license is not subject to divestiture; that the license does not constitute a "naked license"; that the licensor of the Marks to Franchisor holds valid and enforceable trademarks registered on the principal register of the United States Patent and Trademark office; and that there is no party with rights to use the Marks in the PAR other than Franchisor and Franchisee. Franchisee expressly understands and acknowledges that:

A. As between Franchisor and Franchisee, Franchisor is the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

B. Neither Franchisee nor any Controlling Principal shall take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its Licensed Location or in approved advertising related to the Restaurant.

C. Franchisee understands and agrees that the limited license to use the Marks granted hereby applies only to such Marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that it is bound not to represent in any manner that it has acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks.

D. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

E. Franchisee shall not contest the validity of or Franchisor's or any Affiliate's interest in the Marks or assist others to contest the validity of or Franchisor's or any Affiliate's interest in the Marks.

F. Franchisee acknowledges that any unauthorized use of the Marks may constitute an infringement of Franchisor's rights in the Marks and a material event of default hereunder. Franchisee agrees that it shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks.

G. If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. Franchisor shall have no obligation in such event to reimburse Franchisee for its documented expenses of compliance. Franchisee waives any other claim arising from or relating to any Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

H. With respect to Franchisee's franchised use of the Marks pursuant to this Agreement, Franchisee further agrees that:

1. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Restaurant only under the name "San Francisco Oven" without prefix or suffix. Franchisee shall not use the Marks, including without limitation the words "San Francisco Oven" or "SFO", as part of its corporate or other legal name, and shall obtain the Franchisor's approval of such corporate or other legal name prior to filing it with the applicable state authority.
2. During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant or any catering or delivery vehicle as Franchisor may designate in writing.
3. Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.
4. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability, at Franchisor's expense.

5. Franchisee shall notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee and the Controlling Principals shall not communicate with any person other than Franchisor or any designated Affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its Affiliates of, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any Affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee and hold it harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including court costs, attorneys fees and expenses, and settlement amounts), provided that the conduct of Franchisee and the Controlling Principals with respect to such proceeding and use of the Marks is in strict compliance with the terms of this Agreement.

I. Franchisor's Rights Retained. The right and license of the Marks granted hereunder to Franchisee is non-exclusive and Franchisor and its Affiliates thus have and retain the following rights, among others, subject only to the limitations of Section II:

1. To grant other licenses for use of the Marks to System franchisees, in addition to those licenses already granted to existing System Franchisees.
2. To offer and sell, or otherwise 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 PAR (specifically excluding the Marks).
3. To offer and sell (and authorized others to offer and sell) collateral products under the Marks, at or from any location in the PAR, 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.

XV. **MANUALS; WRITTEN DIRECTIVES.** To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, as defined herein.

A. Manuals are Part of this Agreement. The Manuals, any written directives, and any other Manuals and materials issued by Franchisor and any modifications to such materials as Franchisor may make from time to time during the entire term hereof, shall supplement and be deemed part of this Agreement.

B. Dissemination; Electronic Form; Intranet. Franchisor shall disseminate the Manuals using any form or method of dissemination which Franchisor, in its reasonable discretion, deems appropriate including, without limitation, making the Manuals available for downloading from Franchisor's Intranet site or otherwise in electronic form. Franchisee acknowledges and agrees

that all Manuals made available in electronic form for downloading shall be deemed delivered to Franchisee at the same time such information is made available by Franchisor in such form.

C. Confidentiality. Franchisee and the Controlling Principals shall at all times treat the Manuals, any written directives of Franchisor, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with Section XVI hereof. Franchisee and the Controlling Principals shall divulge and make such materials available only to such of Franchisee's employees and advisors as must have access to it in order to operate the Restaurant. Franchisee and the Controlling Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part for distribution to any unauthorized person, or otherwise make the same available to any person other than those authorized above.

D. Franchisor's Property. The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor, and shall at all times be kept in a secure place on the Restaurant premises or at Franchisee's principal office, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

E. Revisions. Franchisor may from time to time revise the contents of the Manuals and other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee shall remove and destroy all pages of the Manual that have been replaced or updated by Franchisor. Franchisee expressly agrees to comply with each new or changed standard.

F. Maintenance by Franchisee. Franchisee shall at all times ensure that any Manuals made available to Restaurant personnel for reference, regardless of whether in paper or electronic form, are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control.

G. Fee To Replace Manuals. Franchisor will charge a replacement fee of Five Hundred Dollars (\$500) for any replacement Manual requested by Franchisee; provided that Manuals (or portions thereof) available in electronic or digital format shall be available free of charge.

XVI. CONFIDENTIALITY AND NON-COMPETITION COVENANTS

A. Non-Disclosure by Franchisee and Controlling Principal(s). Neither Franchisee nor any Controlling Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement. Franchisee and the Controlling Principals shall divulge such confidential information only to such of Franchisee's employees and advisors in connection with their employment or relationship with Franchisee. Any and all proprietary information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor the Controlling Principals 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, or otherwise make the same available for distribution to any unauthorized person. For purposes of this Agreement, (a) information within the public domain, (b) information available to the Controlling Principals or their Affiliates prior to the Effective Date, and (c) information obtained or developed by any Controlling Principal or their respective Affiliates in conjunction

with their previous development and operation of other restaurant concepts shall not be construed as constituting confidential information, knowledge or know-how concerning the methods of operation under the Franchised Business. 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 Franchisee and each of the Controlling Principals.

B. New Concepts, Processes or Improvements developed by Franchisee. If Franchisee or the Controlling Principals develop any new concept, process product, recipe, or improvement in the operation or promotion of the Restaurant, Franchisee is required to promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Franchisee and the Controlling Principals acknowledge that any such concept, process product, recipe, or improvement will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees or developers as it determines to be appropriate

C. Non-Competition / Diversion by Franchisee and Controlling Principal(s). Franchisee and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Controlling Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System. Franchisee and the Controlling Principals 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 Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, Franchisee and the Controlling Principals covenant that with respect to Franchisee, during the term of this Agreement (or with respect to each of the Controlling Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling Principals" as described herein), except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Controlling Principals 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 Franchised Business to any Competitive Business, 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, any of its Affiliates or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee.

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 within 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.

D. Non-Competition / Diversion by Franchisees and Controlling Principal(s) following Termination or Expiration of this Agreement. With respect to Franchisee, and for a continuous

uninterrupted period commencing upon the expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement (or, with respect to each of the Controlling Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as described herein) and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Franchisee, nor any of the Controlling Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

1. Non-Diversion of Business. Divert, or attempt to divert, any business or customer of the Franchised Business to any Competitive Business, 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, any of its Affiliates or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee.

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, as defined in the Development Agreement.

E. Non-Disclosure / Non-Diversion / Non-Compete by Franchisee's Management and Principals. Franchisee shall require and obtain the execution of covenants similar to those set forth in Section XVI from its General Manager and all other management level employees of Franchisee 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 D. All of Franchisee's Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants.

F. 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 covenants herein 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 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Controlling Principals 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.

G. Reduction of Scope. Franchisee and the Controlling Principals understand and acknowledge that Franchisor shall have the right, in its sole discretion, to irrevocably reduce the scope of any covenant, or any portion thereof, set forth in this Section XVI; or to irrevocably decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment D (or eliminate such non-competition covenant altogether for any party that is required to execute such agreement). Franchisor shall make such reductions in scope effective immediately upon notice to

Franchisee and Controlling Principals; and shall be fully enforceable hereunder, notwithstanding the provisions of Section XXVIII(A) hereof.

H. Claims Against Franchisor not a Defense. Franchisee and the Controlling Principals 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.

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

J. Non-Compliance / Consent to Injunctive Relief. Franchisee and the Controlling Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Section XXV hereof. Franchisee and the Controlling Principals acknowledge that a violation of the terms of this Section may result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Franchisee or the Controlling Principals in violation of the terms of this Section. Franchisee agrees to pay reasonable court costs and reasonable attorneys' fees incurred by Franchisor in connection with the enforcement of this Section, including payment of reasonable costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

XVII. BOOKS AND RECORDS

A. Records and Retention. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

B. Franchisee's Reporting Obligations. In addition to the remittance reports required by Sections VI and XIII hereof, Franchisee shall comply with the following reporting obligations:

1. Monthly Financial Statements. Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, at the end of each monthly accounting period (based on a 4 / 4 / 5 week calendar designated by Franchisor), a profit and loss statement for such monthly accounting period (the "Statement Period"). Such monthly financial statements may be unaudited and shall be submitted to Franchisor within thirty (30) days after the end of each Statement Period during the term hereof. Such Statements shall be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct to the best of his/her knowledge.

2. Annual Financial Statements. Franchisee shall, at its expense, provide to Franchisor a complete annual financial statement (which may be unaudited) for Franchisee prepared by an independent certified public accountant satisfactory to Franchisor, within one hundred twenty (120) days after the end of each fiscal year of Franchisee during the term hereof, showing the financial position of Franchisee and the results of Franchisee's operations for such fiscal year ("Annual Financial Statements"). Franchisor reserves the

right to require the Annual Financial Statements be audited for the next succeeding year by an independent Certified Public Accountant satisfactory to Franchisor at Franchisee's cost and expense if an inspection anticipated by Section XVII(C) below discloses an understatement of Franchisee's required royalty payments of two percent (2%) or more in any fiscal year;

3. Other Reports. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in writing.

C. Franchisor's Audit Rights. Franchisor or its designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of the books and records of Franchisee as Franchisor may require at the Restaurant. Franchisee shall make such books and records available to Franchisor or its designees immediately upon request. If any required payments to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section VII(B). If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity. Franchisee further understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or royalties paid to Franchisor (or the cashing of any royalty checks or processing of any electronic fund transfers) shall not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee.

D. Confidentiality. Franchisor shall not disclose any financial information pertaining to Franchisee or the Controlling Principals without the prior written consent of Franchisee or the Controlling Principals, as applicable, and shall take appropriate steps to treat such information in a confidential manner so that it is not disclosed to persons other than employees of Franchisor requiring access to the information in order to perform their respective duties.

XVIII. INSURANCE

A. Policies Required. Franchisee shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor and its Affiliates, successors and assigns, their respective partners and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

B. Required Coverages. Such policy or policies shall be written by a responsible carrier or carriers reasonably acceptable to Franchisor and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time), in accordance with standards and specifications uniformly applied throughout the System and set forth in writing, the following:

1. Liability Coverage. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising

injury, dram shop liability, completed operations, products liability and fire damage coverage, in the amount of Two Million Dollars (\$2,000,000) combined single limit.

2. All Risks Coverage. "All Risks" coverage for the full cost of replacement of the Restaurant premises and all other property in which Franchisor may have an interest with no coinsurance clause for the premises.

3. Crime Coverage. Crime insurance for employee dishonesty in the amount of Ten Thousand Dollars (\$10,000) combined single limit.

4. Auto Liability Coverage. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than Two Million Dollars (\$2,000,000) combined single limit.

5. Worker's Compensation Coverage. Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, a legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to Franchisor, provided that Franchisee (i) maintains an excess indemnity or "umbrella" policy covering employer's liability and/or a medical/disability policy covering medical expenses for on-the-job accidents, which policy or policies shall contain such coverage amounts as Franchisee and Franchisor shall mutually agree upon and (ii) conducts and maintains a risk management and safety program for its employees as the Franchisee and Franchisor shall mutually agree is appropriate. Such policies shall also include a waiver of subrogation in favor of Franchisor and its Affiliates their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

6. Other Coverage. Such other insurance as may be required by the state or locality in which the Restaurant is located and operated.

C. Deductibles. Franchisee may, with the prior written consent of Franchisor, not to be unreasonably withheld, delayed or conditioned, elect to have reasonable deductibles in connection with the coverage required under Section XVIII(B) hereof. Such policies shall also include a waiver of subrogation in favor of Franchisor, its Affiliates and partners and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

D. Builder's Risk Coverage. In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, Franchisee shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

E. Franchisee's Insurance / Indemnification obligations not limited. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section XXIII of this Agreement.

F. Franchisor's recovery not precluded by Franchisee's negligence. All general liability and property damage policies shall contain a provision that Franchisor and its Affiliates their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

G. Certificates of Insurance. Upon execution of this Agreement, and thereafter thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name Franchisor and its Affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

H. Franchisor's Right to procure Coverage. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

XIX. DEBTS AND TAXES

A. Franchisee's Payments. Franchisee shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Section XXIII Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes.

B. Franchisor's Payments. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes. The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies to Franchisee, or Franchisee's exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

C. Tax Disputes; Seizures; Levies. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

D. Compliance with Laws. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

E. Notice. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ,

injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

XX. TRANSFER OF FRANCHISOR'S INTEREST.

A. Assignment, Transfer or Sale of Franchisor's Rights. Franchisor shall have the right, without the need for Franchisee'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 agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee 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, Franchisee 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. Franchisee 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 Franchisee.

B. Merger(s) or Acquisition(s) by Franchisor. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or Affiliate with a 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 San Francisco Oven 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 a San Francisco Oven Restaurant, or as a Competitive Business within the PAR.

XXI. TRANSFER OF FRANCHISEE'S INTEREST. Franchisee and Controlling Principals understand and acknowledge that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Controlling Principals. Accordingly, neither Franchisee nor any Controlling Principal, nor any successor or assignee of Franchisee or any Controlling Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Restaurant or in Franchisee 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 Franchisee's interest in this Agreement or a Transfer of all or part of a Controlling Principal's ownership interest in Franchisee (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 Franchisee acknowledges and agrees are reasonable and necessary to assure such transferee's full performance of the obligations hereunder:

1. All of the accrued monetary obligations of Franchisee or any of its Affiliates and all other outstanding obligations to Franchisor or any of its Affiliates arising under this Agreement or any other agreement shall have been satisfied in a timely manner and Franchisee shall have satisfied all trade accounts and other debts owing to Franchisor and its Affiliates, of whatever nature or kind, in a timely manner.
2. Franchisee and its Affiliates shall not be in substantial compliance with this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates.
3. The transferor and its principals (if applicable) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, 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 and federal, state and local laws, rules and regulations.
4. The transferee shall demonstrate to Franchisor's reasonable satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a license, 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 franchised herein (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 and number of other Restaurants owned or operated by transferee.
5. The transferee shall enter into a written agreement, in a form satisfactory to 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 contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals binding transferee's principals to the same extent 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 transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals binding transferee's principals to the same extent that transferor's principals are bound hereunder. Upon such assignment and assumption, transferor shall have no further obligation hereunder, except liabilities incurred prior to the effective date of the transfer.
7. The transferee, at its expense and only to the extent required pursuant to Section XII(B), shall renovate, modernize and otherwise upgrade the Restaurant and, if applicable, any catering or delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the system wide standards within the time period reasonably specified by Franchisor.

8. At the transferee's expense, the transferee, the transferee's Operating Principal, general manager (as applicable) and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as Franchisor may reasonably require.

9. Franchisee shall pay a transfer fee of Five Thousand Dollars (\$5,000) to Franchisor, to reimburse Franchisor for reviewing the application to transfer, including, without limitation, legal and accounting fees.

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

B. Transfers by Sale 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 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 seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within the later of (i) sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor (ii) the closing date provided for in the bona fide offer submitted by the third party; or (iii) or such other date as the parties 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 right 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 XXI(B) shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXI, with respect to a proposed transfer.

2. Consideration other than Cash; Intangible Benefits. In the event an 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 cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent 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 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 against any payment therefor (i) all fees for any such independent appraiser due from Franchisee hereunder and (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates.

3. Non-Compliance. Failure to comply with the provisions of this Section prior to the transfer of any interest in Franchisee, the Restaurant or this Agreement shall constitute a material event of default under this Agreement.

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

1. Death. Upon the death of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person and who has an interest in this Agreement, the Restaurant or Franchisee (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor 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 Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person and who has an interest in this Agreement, the Restaurant or Franchisee, Franchisor may, in its reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section XXI within six (6) months after notice to Franchisee. "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 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 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), upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XXI(C). The costs of any examination required by this Section shall be paid by Franchisor.

3. Notice; Non-Compliance. Upon the death or claim of permanent disability of Franchisee or any Controlling Principal, Franchisee or a representative of Franchisee must notify Franchisor of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

D. Transfers for the Convenience of ownership. In the event that Franchisee is an individual or partnership, and the proposed transfer is to a corporation or a limited liability company formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements set forth at Section XXI(A), except that the requirements set forth at Sections XXI(B)(3), (4), (6), (7), (9), (9) and (10) shall not apply. With respect to a transfer to a corporation or limited liability company formed for the convenience of ownership, Franchisee shall be the owner of all of the voting stock or membership interest of the corporation or limited liability company, respectively, and if Franchisee is more than one (1) individual, each individual shall have the same proportionate ownership interest in the corporation as he/she had in Franchisee prior to the transfer.

E. Transfers by Persons other than Franchisee or Controlling Principal(s). If any person holding an interest in Franchisee, this Agreement or the Restaurant (other than Franchisee or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Franchisee 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 a Competitive Business. Such transferee shall be Franchisee's Principal and shall execute a confidentiality agreement and ancillary covenants not to compete in the form attached hereto as Attachment D in accordance with Section XVI. If the transferor is a Controlling Principal, Franchisor also reserves the right to designate the transferee as one of the Controlling Principals.

F. Transfers among Franchisee's Principals and their Families. Notwithstanding the provisions contained in Section XXI to the contrary, the Franchisee's Principals may freely transfer their ownership interests in Franchisee or any Controlling Principal among themselves and to their family members (or to trusts for the benefit of such family members), the requirements of Sections XXI(A)(3), (4), (6), (7), (8), (9) and (10) and the Franchisor's right of first refusal shall be inapplicable with respect to such transfers, provided Franchisee provides Franchisor with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred.

G. No Waiver. Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor 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.

XXII. PUBLIC OFFERINGS OF FRANCHISEE'S SECURITIES.

A. Approval. Equity securities or partnership interests in Franchisee may be offered to the public (a "public offering") 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 reasonable discretion, require that immediately after such offering that Franchisee and the Controlling Principals retain a Controlling Interest in Franchisee.

B. Offering Documents and Materials. All materials required for a 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 Franchisee offering (public or private) shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Controlling Principals 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, Franchisee 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, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by Section XXII.

XXIII. INDEMNIFICATION BY FRANCHISEE.

A. Indemnifiable Claims. Franchisee shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, 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 ("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) arising from Franchisee's operation of the Restaurant pursuant to the terms of this Franchise Agreement, which arises out of or is based upon any of the following:

1. The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Controlling Principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Section XVI.);
2. The violation, breach or asserted violation or breach by Franchisee or any of the Controlling Principals 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 operating under the System, by Franchisee or by any of the Controlling Principals;
4. The violation or breach by Franchisee or by any of the Controlling Principals of any warranty, representation, agreement or obligation in this Agreement;
5. Acts, errors, or omissions of Franchisee, any of Franchisee's Affiliates and any of the Controlling Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its Affiliates in connection with the establishment and operation of the Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that Franchisor cannot and does not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, Franchisee or any employee, agent or independent contractor of Franchisee and that the safe operation of any motor vehicle is, therefore, Franchisee's responsibility.

B. Notice; Defense; Settlement. Franchisee and each of the Controlling Principals agree to give Franchisor prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each of the Controlling Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or 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 claims described in Section XXIII(A)(1). Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Franchisee 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 Franchisee.

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 reasonable judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the applicable 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 XXIII(A)(1)-(4) above have occurred; or
2. Any act, error, or omission as described in Section XXIII(A)(5) may result directly or indirectly in damage, injury, or harm to any person or any property.

All losses and expenses incurred under this Section XXIII shall be chargeable to and paid by Franchisee or any of the Controlling Principals pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

D. Limitations on Indemnification. The Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of the Controlling Principals, Franchisee's Affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee or its Affiliates may contract, regardless of the purpose. Franchisee and each of the Controlling Principals shall hold harmless and indemnify the Indemnitees for indemnifiable losses and expenses which may arise out of any acts, errors or omissions of Franchisee, the Controlling Principals, Franchisee's Affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its Affiliates except where occasioned, in whole or in part, by the negligence of Franchisor or any of its employees or Affiliates whether such negligence be sole, joint or concurrent, or active or passive.

E. Survival. Franchisee and the Controlling Principals expressly agree that the terms of this Section XXIII shall survive for a period of two (2) years following the termination, expiration or transfer of this Agreement or any interest herein.

XXIV. RELATIONSHIP OF THE PARTIES

A. Independent Contractor. The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee 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. Franchisee's Representation and Notice. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Restaurant operations pursuant to the rights granted by Franchisor. Franchisee 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 on the Restaurant premises established for the purposes hereunder or on any catering or delivery vehicle and on all letterhead, business cards, forms, and as further described in the Manuals. Franchisor reserves the right to specify in writing the content and form of such notice.

C. No Authority Granted to Act on Behalf of Franchisor. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee or any of the Controlling Principals 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 Franchisee or any of the Controlling Principals or any claim or judgment arising therefrom.

XXV. DEFAULT AND TERMINATION. Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that non-performance of such obligations may adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

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

1. If Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or
2. If Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or
3. If Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or
4. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or
5. If a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or
6. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee and are not dismissed within sixty (60) days; or
7. If a final judgment in excess of Fifty Thousand Dollars (\$50,000), or multiple final judgments which aggregate in excess of Fifty Thousand Dollars (\$50,000), against Franchisor remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or
8. If Franchisee is dissolved; or
9. If execution is levied against Franchisee's business or property; or
10. If suit to foreclose any lien or mortgage against the Restaurant premises or equipment is instituted against Franchisee and not dismissed within sixty (60) days; or
11. If the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.

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

1. If Franchisee operates the Restaurant or sells any products or services authorized by Franchisor for sale at the Restaurant at a location other than the Licensed Location;
2. If Franchisee fails to construct or remodel the Restaurant in accordance with the plans and specifications provided to Franchisee pursuant to Section VIII(A) as such plans may be adapted with Franchisor's approval in accordance with Section IV;

3. If Franchisee fails to open the Restaurant for business as a San Francisco Oven within the period specified in Section IV(E) hereof.
4. If Franchisee at any time ceases to operate or otherwise abandons the Restaurant, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that this provision shall not apply if the premises are damaged or destroyed by a Force Majeure event, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to reconstruct the premises (which approval shall not be unreasonably withheld, delayed or conditioned) and Franchisee diligently pursues such reconstruction;
5. If Franchisee or any of the Controlling Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, 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;
6. If Franchisee fails to take appropriate steps to alleviate a threat or danger to public health or safety resulting from the construction, maintenance or operation of the Restaurant, following twenty-four (24) hours notice from the Franchisor;
7. If Franchisee or any of the Controlling Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Restaurant 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 Section XXI of this Agreement;
8. If Franchisee or any of its Affiliates fails, refuses, or neglects promptly to pay any monies owing to Franchisor, or any of its Affiliates or vendors, when due under this Agreement or any other agreement (excluding obligations to vendors which are subject to bona fide disputes), or to submit the financial or other information required by Franchisor under this Agreement 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 the five (5) day cure period shall apply).
9. If Franchisee or any of the Controlling Principals fails to comply with the in-term covenants in Section XVI(C) hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Section XVI(E) hereof within thirty (30) days following notice from the Franchisor.
10. If, contrary to the terms of Section XVI hereof, Franchisee or any of the Controlling Principals improperly discloses or divulges any confidential information provided to Franchisee or the Controlling Principals by Franchisor;
11. If a transfer upon death or permanent disability is not transferred in accordance with Section XXI. and within the time periods therein;
12. If Franchisee knowingly maintains false books or records, or knowingly submits any false reports to Franchisor;
13. If Franchisee breaches in any material respect any of the covenants in any material respect set forth in Section IX or has falsely made any of the representations or warranties set forth in Section IX;

14. If Franchisee fails to propose a qualified replacement or successor Operating Principal or General Manager within the time required under Sections X(F)(4) and X(G)(2), respectively following ten (10) days prior written notice;

15. If Franchisee fails to procure and maintain such insurance policies as required by Section XVIII. and Franchisee fails to cure such default within ten (10) days following notice from Franchisor;

16. If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have forty-eight (48) hours to cure such default;

17. If Franchisee or any of its Affiliates fails or refuses to comply with any material terms and conditions of any sublease, or related agreement (excluding the Development Agreement), between Franchisor or its Affiliates and Franchisee 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 XXV(C) shall apply).

C. Events of Default requiring notice and opportunity to cure. Except as provided in Sections XXV(A) and (B) of this Agreement, if Franchisee fails to comply with any other material term or condition imposed by the Agreement which is susceptible of being cured, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination. However, Franchisee 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, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

1. If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by Franchisor, or fails to substantially carry out the terms of this Agreement in good faith;

2. If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by Franchisor in this Agreement or otherwise in writing;

3. If Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

D. Cross-Defaults: Any default by Franchisee (or any person/Company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee). Any default by Franchisee (or any person/Company affiliated with Franchisee) under any other agreement, including, but not limited to, any lease and/or sublease, between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any person/Company affiliated with Franchisee), and any default by Franchisee (or any person/Company affiliated with Franchisee) under any obligation to Franchisor (or any Affiliate of Franchisor) may be regarded as a default under this Agreement; provided, however, that a default under the Development Agreement shall not constitute a default under this Agreement or any other agreement

E. Non-Exclusive Remedies. In each of the foregoing events of default, Franchisor (and any Affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/Company affiliated with Franchisee) and Franchisor's (and/or Franchisor's Affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

XXVI. POST-TERMINATION. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Cease Operations. Franchisee shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present franchisee of Franchisor.

B. Cease Using confidential methods; software; procedures; techniques; marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "San Francisco Oven"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove Franchisor's distinctive proprietary or non-proprietary design items.

C. Cancellation of Assumed Name or Registration containing the Marks. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "San Francisco Oven" or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

D. Subsequent Operations of Franchisee. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

E. Payment of Amounts owing to Franchisor. Franchisee shall promptly pay all sums owing to Franchisor and its Affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

F. Payment of Franchisor's damages; costs; expenses. Subject to the provisions of Section XXX(D), Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Section XXVI.

G. Return of Manuals, Software, Materials. Franchisee shall immediately deliver to Franchisor all Manuals and software licensed by Franchisor; and, if requested by Franchisor, copies of any or all records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the

operation of the Restaurant in Franchisee's possession or control provided that Franchisor pays all expenses incurred by Franchisee to reproduce the foregoing items.

H. Non-Disclosure / Non-competition. Franchisee and the Controlling Principals shall comply with the restrictions on confidential information contained in Section XVI of this Agreement and shall also comply with the non-competition covenants contained in Section XVI. Any other person required to execute similar covenants pursuant to Section XVI shall also comply with such covenants.

I. Advertising and Promotional Materials. Franchisee shall also immediately furnish Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks thereon, whether located on Franchisee's premises or under Franchisee's control at any other location. Franchisor shall have the right to inspect these materials. Franchisor shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost, or to require Franchisee to destroy and properly dispose of such materials, at Franchisor's cost. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

J. Signs and Menu Boards. Upon execution of this Agreement, in partial consideration of the rights granted hereunder, Franchisee acknowledges and agrees that all right, title and interest in the signs and menu boards used at the Restaurant are hereby assigned to Franchisor (subject to the rights granted to Franchisee elsewhere in this Agreement), and that upon termination or expiration of this Agreement, neither Franchisee nor any lien holder of Franchisee shall have any further interest therein.

K. Assignment of Lease(s). If Franchisee operates the Restaurant under a lease for the Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then, Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Restaurant or any equipment related thereto. Franchisor may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Restaurant premises or does not have such option, Franchisee shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as Franchisor may reasonably request. If Franchisee fails or refuses to comply with the requirements of this Section XXVI(K), Franchisor shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. Notwithstanding the provisions of this Section XXVI(K) to the contrary, in the event the lease is assigned to Franchisor, Franchisor hereby indemnifies and hold harmless Franchisee and any guarantors under said lease, for any breach by Franchisor or its successors or assigns from any liability arising out of the lease for the Restaurant premises from and after the date of the assignment of the lease.

L. Franchisor's Options to Purchase Franchisee's Assets. Upon termination, Franchisor shall have the following options to purchase certain of Franchisee's assets:

1. Furnishings; Equipment; Fixtures; Vehicles; Inventories. Except as provided in Sections XXVI(I), (J) and (M), Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any the POS System or

computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of Franchisee related solely to the operation of the Restaurant, at fair market value. Franchisor shall be purchasing Franchisee's assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates and (iii) one-half of any costs incurred in connection with any escrow arrangement, against any payment therefor and shall pay the remaining amount in cash.

2. Restaurant Premises. In addition to the options described above and if Franchisee owns the Restaurant premises, then Franchisor shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable and all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. Franchisor shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If Franchisee does not own the land on which the Restaurant is operated and Franchisor exercises its option for an assignment of the lease, Franchisor may exercise this option for the purpose of purchasing the building if owned by Franchisee and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined in accordance with appraisal procedure described above.

3. Closing Documents. With respect to the options described in Sections XXVI(K) and (L)(1) and (2), Franchisee shall deliver to Franchisor, such warranties, limited warranty deeds, deeds, releases of lien, bills of sale, assignments and such other documents and instruments customarily delivered in transactions where the Restaurant is located in order to transfer Franchisee's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its reasonable discretion, place a portion of the purchase price attributable to the asset(s) in question in escrow pending issuance of any required certificates or documents.

4. Closing. The time for closing of the purchase and sale of the properties described in Sections XXVI(L) (1) and (2) shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date Franchisor receives and obtains all necessary permits and approvals (not to exceed sixty (60) days following determination of the purchase price), whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section XXVI(K) shall be a date no later than ten (10) days after Franchisor's exercise of its option thereunder unless Franchisor is exercising its options under either Section XXVI(L)(1) or (2), in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

M. Possession, Acquisition of Franchisees Assets – Premises Subleased from Franchisor. Notwithstanding anything to the contrary contained in Sections XXVI(K) and (L), if Franchisee operates the Restaurant from a premises that is subleased to Franchisee by Franchisor, or an Affiliate of Franchisor, upon termination (or expiration if Franchisee does not renew) of this Agreement, Franchisor and/or its Affiliate shall have the right to take immediate possession of the assets of the Restaurant, including, any or all of the furnishings, equipment (including any the POS System or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of Franchisee related solely to the operation of the Restaurant. Franchisor, or its Affiliate, shall have a lien against all such assets in the amount of any amounts due to Franchisor or any of its Affiliates under this Agreement or any other agreement. Franchisor shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to Franchisee (or to any lender of Franchisee who has a lien holder interest in the assets) the difference between the appraised value and the amounts owed to Franchisor (or its Affiliates) by Franchisee at the time of termination. If the lien on the assets from Franchisee's lender has priority over any lien of Franchisor or its Affiliates, and the amount of the lien is in excess of the appraised value of such assets, Franchisor shall have the right to deal directly with Franchisee's lien holder, and to pay any amounts due to Franchisee directly to the lien holder. Franchisee agrees to provide all further assurances, and to execute all documents reasonably required by Franchisor or by law to lawfully effect such transfer, and to perfect Franchisor's security interest. Franchisor shall have the right to take such action without the execution of any further documents by Franchisee if Franchisee fails or refuses to comply with these further assurances.

N. Assignment of Franchisor's Options upon Termination. Franchisor shall be entitled to assign any and all of its options in this Section to any other party, without the consent of Franchisee.

O. Telephone Number(s); Regional Telephone Directory; Internet. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Restaurant and any related Regional Telephone Directory trademark listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents which may have been executed by Franchisor under Section XII(J), Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment; provided that Franchisor shall have no power or authority to pay any money or incur any obligations on behalf of Franchisee as a condition to any such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

XXVII. 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: Chief Financial Officer
Facsimile: 440-717-9447

Notices to Franchisee and
the Controlling Principals:

Care of : _____

Facsimile: _____

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.

XXVIII. MISCELLANEOUS.

A. Entire Agreement. Except as expressly provided to the contrary herein, this Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Controlling Principals. 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.

B. Non-Waiver. Except as expressly provided to the contrary herein, 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 Franchisee or the Controlling Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or the Controlling Principals, or as to a subsequent breach or default by Franchisee or the Controlling Principals. 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 Franchisee or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement.

C. Approvals.

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

2. Except to the extent contained, if at all, within any representations made in (i) the disclosure documents referred to in Section XXXI(C) (ii) the Development Agreement; and (iii) elsewhere in this Agreement, Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

D. Force Majeure. If a Force Majeure event shall occur, Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with Section XXIII. Except as provided in the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

E. Severability and Construction.

1. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

2. The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

3. 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.

4. All references herein 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 Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or

undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

5. 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.

6. 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 Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XXI), any rights or remedies under or as a result of this Agreement.

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

F. Survival. Any obligation of Franchisee or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Controlling Principals therein, shall be deemed to survive such termination, expiration or transfer, for a period of two (2) years.

G. 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. 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. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section XXV of this Agreement shall not discharge or release Franchisee or any of the Controlling Principals from any of their respective liabilities or obligations 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.

H. Modifications; Changes; Additions; Deletions; Substitutions; Alterations of the System. Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor,

color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes (i) shall not materially and unreasonably impair the Franchised Business or increase Franchisee's obligations hereunder and (ii) are uniformly enforced among all Restaurants operating within the System. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby adopted in accordance with the foregoing provisions. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any modifications adopted in accordance with the foregoing provisions or seeking expenses, losses or damages caused thereby. Franchisor acknowledges that Affiliates of Franchisee and Franchisee's Controlling Principals now or hereafter may operate restaurant concepts, provided that such operations do not conflict with the non-competition provisions set forth elsewhere herein. Notwithstanding any provisions to the contrary in this Agreement, Franchisee shall not be required to adopt products, programs or services or otherwise engage in activities which would be violative of non-competition provisions of franchise agreements entered into by Affiliates of Franchisee or Franchisee's Controlling Principals with other restaurant concepts.

XXIX. ARBITRATION.

A. MATTERS TO BE REFERRED TO ARBITRATION. EXCEPT AS PROVIDED IN THIS AGREEMENT, FRANCHISOR, FRANCHISEE AND THE CONTROLLING PRINCIPALS AGREE THAT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THE FRANCHISE, FRANCHISEE'S ESTABLISHMENT OR OPERATION OF ANY RESTAURANT UNDER THIS AGREEMENT (AND ANY AMENDMENTS THERETO) INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY FRANCHISEE, OR ANY OF THE CONTROLLING PRINCIPALS, OR PERSONS CLAIMING ON BEHALF OF FRANCHISEE OR THE CONTROLLING PRINCIPALS, CONCERNING THE ENTRY INTO, THE PERFORMANCE UNDER OR THE TERMINATION OF THE AGREEMENT, OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR, OR ITS AFFILIATES, AND FRANCHISEE, ANY CLAIM AGAINST A PAST OR PRESENT OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF FRANCHISOR, FRANCHISEE OR FRANCHISEE'S PRINCIPALS, INCLUDING THOSE OCCURRING SUBSEQUENT TO THE TERMINATION OF THIS AGREEMENT, THAT CANNOT BE AMICABLY SETTLED AMONG THE PARTIES SHALL, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, 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 FRANCHISEE AND THE CONTROLLING PRINCIPALS MAY BE BROUGHT HEREUNDER. NO CLAIM FOR OR ON BEHALF OF ANY OTHER FRANCHISEE OR SUPPLIER, OR CLASS, REPRESENTATIVE OR ASSOCIATION THEREOF, MAY BE BROUGHT BY FRANCHISEE OR THE CONTROLLING PRINCIPALS 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 FRANCHISEE (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 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 FRANCHISEES.

2. LOCATION OF ARBITRATION. THE ARBITRATION SHALL TAKE PLACE AT FRANCHISOR'S CORPORATE OFFICES OR AT THE OFFICES OF THE AMERICAN ARBITRATION ASSOCIATION 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 THIS 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 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. ANTI-TRUST. 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. IF 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, THEN ANY SUCH ACTION SHALL NOT BE SUBJECT TO ARBITRATION AND FRANCHISOR SHALL HAVE THE RIGHT TO BRING SUCH ACTION AS DESCRIBED IN SECTION XXX.

XXX. JURISDICTION. WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH ARBITRATION, OR AS OTHERWISE PROVIDED ABOVE, FRANCHISEE AND CONTROLLING PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF CUYAHOGA COUNTY, OHIO AND THE FEDERAL DISTRICT COURT FO THE EASTERN DISTRICT OF OHIO. FRANCHISEE AND CONTROLLING PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

A. SERVICE OF PROCESS. FRANCHISEE AND THE CONTROLLING PRINCIPALS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY OHIO OR FEDERAL LAW.

B. VENUE. FRANCHISEE AND CONTROLLING PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OR THIS AGREEMENT SHALL BE CUYAHOGA COUNTY, OHIO; PROVIDED HOWEVER, THAT RESPECT TO ANY ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (3) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, FRANCHISOR MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

C. GOVERNING 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.

XXXI. APPLICABLE LAW; WAIVER OF DAMAGE.

A. ACKNOWLEDGEMENTS AS TO APPLICABLE LAW, VENUE AND FORUM. FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH IN SECTION XXX. ABOVE PROVIDE 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 FRANCHISEE, THE CONTROLLING PRINCIPALS 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.

B. ACKNOWLEDGEMENT AS TO EXECUTION; PERFORMANCE. FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN CUYAHOGA COUNTY, OHIO, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER SHALL OCCUR IN CUYAHOGA COUNTY, OHIO.

C. WAIVER OF DAMAGES. FRANCHISEE, ITS CONTROLLING PRINCIPALS AND THE FRANCHISOR HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OR 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 AGREE THAT IN THE EVENT OF A DISPUTE, EITHER PARTY SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. 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.

XXXII. ACKNOWLEDGMENTS

A. Franchisee 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 Franchisee. Franchisor expressly disclaims making, and Franchisee 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: _____

B. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee

sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

Initials: _____

C. Franchisee 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. Franchisee 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: _____

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:

SFO FRANCHISE DEVELOPMENT LTD.
an Ohio corporation

ATTEST:

Witness

By: _____
Name: Matthew Harper
Title: President
Accepted On: _____
(the "Effective Date")

FRANCHISEE:

an _____

Witness

By: _____
Name: _____
Its _____
Date ___/___/___

ATTACHMENT B
TO SFO FRANCHISE DEVELOPMENT, LTD FRANCHISE AGREEMENT

ADDENDUM TO LEASE

This addendum is executed as of this ____ day of _____, _____ by and between _____ ("Franchisee") and _____ ("Landlord") as an addendum to the lease (as amended, renewed and/or extended from time to time, the "Lease") for the premises located at _____, state of _____ (the "Premises") dated as of _____.

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement with SFO Franchise Development Ltd. ("Franchisor") for the operation of a restaurant at the Premises, and as a requirement thereof, the lease for the premises must contain the provisions contained in this Addendum; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

4. The Lease may not be modified, amended, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.

5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or 3 above.

6. If Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or entity to operate the restaurant at the Premises, subject to Landlord's consent, which consent will not be unreasonably withheld or delayed and provided that Franchisor shall remain liable for the performance of tenant's obligations accruing subsequent to the date of assignment. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Addendum as Franchisor may reasonably request.

7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the

Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchise hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a restaurant using the Franchisor's trade dress. Landlord agrees to permit Franchisor, its employees or agents, to enter the Premises and remove signs, décor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

8. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 9150 South Hills Blvd., Cleveland, Ohio 44147, attention: Franchise Department. or such other address as Franchisor shall specify by written notice to Landlord.

9. Under the Franchise Agreement, any lease for the location of a restaurant is subject to Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

WITNESS the execution hereof under seal.

LANDLORD:

Date: _____

Subscribed and sworn to before me this ____ day of _____, _____

Notary Public

My Commission expires: _____

FRANCHISEE:

Date: _____

Subscribed and sworn to before me this ____ day of _____, _____

Notary Public

My Commission expires: _____

ATTACHMENT C
TO SFO FRANCHISE DEVELOPMENT, LTD FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

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

Name	Percentage of Ownership/Nature of Interest
------	--

2. **FRANCHISEE'S PRINCIPALS.** The persons or entities listed below comprise, in addition to those persons listed in item 1. above, all of Franchisee'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
------	----------------

* Indicates Franchisee's Operating Principal

ATTACHMENT D
TO SFO FRANCHISE DEVELOPMENT, LTD FRANCHISE 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"), _____, an _____ whose principal address is _____ ("Franchisee") 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; and

WHEREAS, Franchisor has granted Franchisee the limited right to operate a Restaurant using the System, the Marks and the Trade Secrets for the period defined in the Franchise Agreement made and entered into on _____, 20____ ("Franchise Agreement"), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchisee Agreement on the importance to Franchisor and to Franchisee 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 Franchisee, or any entity having an interest in Franchisee ("Covenantor") to have access to and to use some or all of the Trade Secrets in the management and operation of Franchisee's business using the System.

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; and

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; and

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

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

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Franchisee; and

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 Franchisee; and

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; and

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

Confidentiality Agreement

1. Franchisor and/or Franchisee 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 Franchisee 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 Franchisee and then only in connection with the development and/or operation by Franchisee of a Restaurant for so long as Franchisee 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 Franchisee and only to the limited extent necessary to train or assist other employees and advisors of Franchisee 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 Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, 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 Franchisee 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 Franchisee retains an interest in the Franchisee Agreement and Covenantor is employed by Franchisee, 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 Franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchisee Agreement.

c. Except for the Restaurants described in the Franchisee 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 Franchisee's interest in the Franchisee Agreement or the termination of his association with or employment by Franchisee, 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 Franchisee 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 PAR, as such term is defined in the Franchisee Agreement.

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. Franchisee 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 Franchisee in enforcing this Agreement.

4. Any failure by Franchisor or the Franchisee 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 FRANCHISEE 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 Franchisee, the notice shall be addressed to:

With a copy to:

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

Attention: _____
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 Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor, which shall not be unreasonably withheld, delayed or conditioned.

SIGNATURE PAGE FOLLOWS

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:

Witness

By: _____
Name: Matt Harper
Title: President

FRANCHISEE:

By: _____

Witness

COVENANTOR:

By:
Name:

ATTACHMENT E
TO SFO FRANCHISE DEVELOPMENT, LTD
FRANCHISE AGREEMENT

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND
PAYABLE TO SFO FRANCHISE DEVELOPMENT LTD. ("COMPANY")

The Undersigned Depositor hereby authorizes **SFO Franchise Development Ltd** ("SFO") to initiate debit transactions to Depositor's bank account specified below payable to the order of SFO by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount of such transactions immediately upon presentation.

Depository (Bank) Name: _____
City: _____ State: _____ Zip Code: _____
Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until withdrawn by Depositor by written notice to SFO which withdrawal shall be effective as of the date and time received by SFO.

Depositor: (Please Print)

Date Signed

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT F
TO SFO FRANCHISE DEVELOPMENT, LTD
FRANCHISE AGREEMENT

POWER OF ATTORNEY (TELEPHONE NUMBERS / DIRECTORIES)

Telephone Nos.

IRREVOCABLE POWER OF ATTORNEY

STATE OF _____)
)
COUNTY OF _____)

KNOW ALL MEN BY THESE PRESENTS

That _____ ("Franchisee") does hereby irrevocably constitute and appoint SFO Franchise Development Ltd., an Ohio limited liability company ("Franchisor"), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee's right, title and interest in and to any and all telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other telephone directory or business listings, including, but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to Franchisee, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the reasonable discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted; provided that Franchisor has no power or authority to pay any money or incur any obligations on behalf of Franchisee as a condition to any such assignment.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of _____, 20__ by and between Franchisor and Franchisee. Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. It is executed and delivered in the State of _____ and the laws of the State of _____ shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the _____ day of _____, 20__.

FRANCHISEE:

By: _____

STATE OF _____)
COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the persons whose names are subscribed to the foregoing instrument, who acknowledged to me that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 20__.

(SEAL)

Notary Public in and for
The State of _____

My commission expires:

ATTACHMENT G

TRANSFER OF A FRANCHISE TO A CORPORATION OR LIMITED LIABILITY COMPANY

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Franchisee of the Restaurant under a Franchise Agreement executed on the date set forth below, between himself or herself and SFO Franchise Development Ltd., as Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Article XIV of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article VI thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement.
2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisee and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

"The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated _____, 20__ between _____ and SFO Franchise Development Ltd."

or

"The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated _____, 20__ between _____ and SFO Franchise Development Ltd."

3. _____ or his designee shall devote his best efforts to the day-to-day operation and development of the Restaurant.
4. _____ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date

set forth below between Franchisee and SFO Franchise Development Ltd., to the same extent as if it were named as the Franchisee herein.

Date of Franchise Agreement: _____

Location of Restaurant: _____

WITNESS:

As to Paragraph 3:

[Name]

As to Paragraph 4:

[Name]

ATTEST:

Name of Corp. or Limited Liability

Company

By: _____ (SEAL)
Title: _____

In consideration of the execution of the above Agreement, SFO Franchise Development Ltd. hereby consents to the above referred to assignment on this _____ day of _____, 20__.

SFO FRANCHISE DEVELOPMENT LTD.

By: _____ (SEAL)
Name: Matthew Harper
Title: President

ATTACHMENT H

TERMINATION AGREEMENT WITH MUTUAL RELEASE

THIS AGREEMENT is made and entered into this ___ day of _____, 20___ by and between SFO Franchise Development Ltd., an Ohio corporation having its principal place of business located at 9150 South Hills Blvd., Suite 225, Cleveland, Ohio 44147 (the "Company"), and _____, [an individual/a corporation/a limited liability company] whose principal address is located at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Termination:**

Effective as of the date hereof, all duties and obligations of the parties hereto arising under and by virtue of the below-listed agreement, including, but not limited to, post termination duties and obligations, shall terminate on the date hereof by the mutual consent of the parties:

Franchise Agreement entered into by and between the Company and Releasor dated _____ ("Agreement").

2. **Return of Materials:**

Releasor must return to the Franchisor any and all materials loaned to Releasor including, but not limited to, site selection guidelines, training manuals, operations manuals, software, etc.

3. **Monetary Obligations:**

_____ shall remit to _____ the sum of _____ Thousand Dollars (\$_____) representing _____.

4. **Non-Disclosure:**

(a) Releasor agrees that he/she will not discuss with or disclose to any person or entity not a party or counsel, accountant or auditor to a party hereto, or regulatory agency or as otherwise required by court order or by law, the terms of this Termination Agreement.

(b) A breach of this covenant shall entitle the Company to obtain injunctive relief and appropriate monetary damages, at Releasor's sole cost and expense.

5. **Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, and Fransmart, its officers, directors, shareholders, consultants, and employees, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of

whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

6. **Release by Franchisor:**

The Franchisor does for itself, its successors and assigns, hereby release and forever discharge generally, the Releasor from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which the Franchisor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Releasor, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event the Franchisor breaches any of the promises, covenants, or undertakings made herein by any act or omission, the Franchisor shall pay, by way of indemnification, all costs and expenses of the Releasor caused by the act or omission, including reasonable attorneys' fees.

7. Each party hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by such party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or instituted against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

8. Each party shall bear its own costs and attorneys' fees in negotiating and preparing this Agreement. Each party warrants and acknowledges that in executing this Agreement, he, she or it has relied upon the advice from the attorney of his, her or its choice, that the terms of this Agreement have been read and its consequences have been completely explained to him, her or it, and that he, she or it fully understands the terms of this Agreement.

9. Each party warrants and acknowledges that in executing this Agreement, he, she or it has relied upon the advice from the attorney of his, her or its choice, that the terms of this Agreement have

been read and its consequences have been completely explained to him, her or it, and that he, she or it fully understands the terms of this Agreement.

10. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

11. Each party to this Agreement shall cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

12. Ohio shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

13. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Ohio.

14. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement effective as of the date first above.

Witness:

Witness:

RELEASOR:

SFO FRANCHISE DEVELOPMENT LTD.

By: _____

Name: Matt Harper

Title: President

ATTACHMENT I
TO SFO FRANCHISE DEVELOPMENT, LTD
FRANCHISE AGREEMENT

FRANCHISEE COMPLIANCE CERTIFICATION

As you know, SFO Franchise Development Ltd. (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a San Francisco Oven Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of Fransmart, Inc. ("Fransmart") that have not been authorized, or that were not disclosed in the Uniform Franchise Offering Circular or that may be untrue, inaccurate or misleading.

In the event that you are intending to purchase an existing San Francisco Oven Restaurant from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing San Francisco Oven Restaurant from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20____.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Uniform Franchise Offering Circular ("UFOC") that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the UFOC indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the UFOC and any state-specific Addendum to the UFOC?

Yes _____ No _____

If No, what parts of the UFOC and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a San Francisco Oven Restaurant with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your San Francisco Oven Restaurant will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular San Francisco Oven Restaurant operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the UFOC?

Yes _____ No _____

11. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the UFOC?

Yes _____ No _____

12. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the San Francisco Oven Restaurant will generate, that is contrary to or different from the information contained in the UFOC?

Yes _____ No _____

13. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the San Francisco Oven Restaurant that is contrary to or different from the information contained in the UFOC?

Yes _____ No _____

14. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a San Francisco Oven Restaurant?

Yes _____ No _____

15. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the UFOC or franchise agreement?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT

Witness

By: _____
Typed/Printed name _____
Dated ___/___/___

ATTACHMENT J
TO SFO FRANCHISE DEVELOPMENT, LTD
FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDUM

ATTACHMENT K

ADDENDUM TO THE SFO FRANCHISE DEVELOPMENT LTD UNIFORM FRANCHISE OFFERING CIRCULAR REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Area Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.
10. The franchise agreement requires binding arbitration. The arbitration will occur in Michigan with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

SFO FRANCHISE DEVELOPMENT LTD.

ATTEST

By: _____
Name: Matt Harper
Title: President

Witness

FRANCHISEE:

Witness