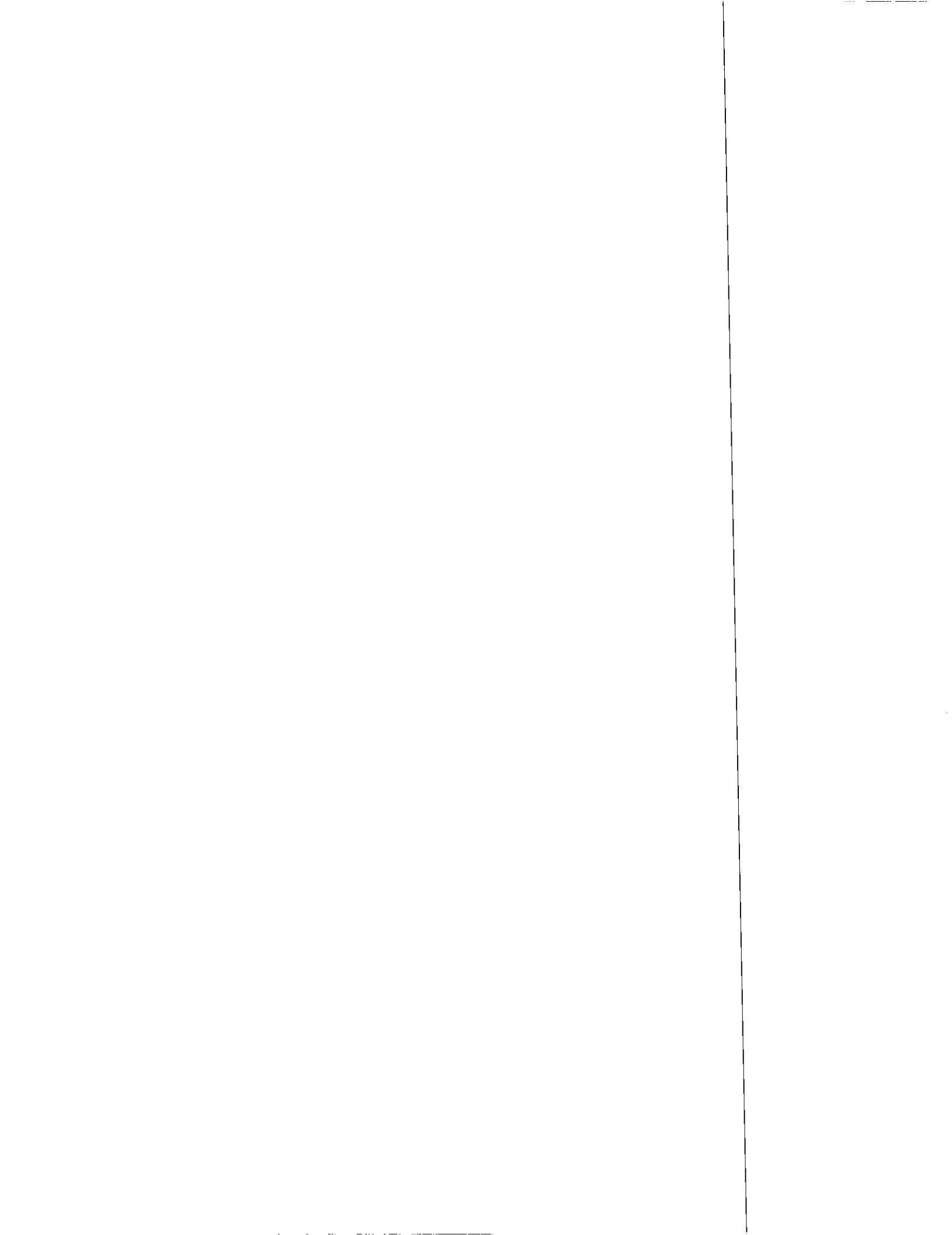


EXHIBIT B
TO FRANCHISE OFFERING CIRCULAR
FORM OF AREA DEVELOPMENT AGREEMENT



AREA DEVELOPMENT AGREEMENT

This Agreement made as of _____, 200__, between Steak-Out Franchising, Inc. ("Steak-Out" or "Franchisor"), and _____ ("Franchisee") and the owners of Franchisee, all of which are signatories hereto ("Owners").

WHEREAS, Franchisee wishes to obtain rights to open the Specified Units in the Permitted Area in compliance with the Development Schedule; and

WHEREAS, Franchisor is willing to grant those rights upon the representations and assurances of Franchisee made in connection herewith;

NOW THEREFORE, in consideration of the mutual premises herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned have agreed as follows:

1. **Grant and Acceptance.** Franchisor hereby grants to Franchisee the right to open and operate the Specified Units in the Permitted Area in compliance with the Development Schedule. Franchisee agrees to open 7 and operate the Specified Units in the Permitted Area in compliance with the Development Schedule.

2. **Specified Units.** Franchisee shall open and operate _____ () Steak-Out Units, within the Permitted Area and on the Development Schedule herein specified.

3. **Permitted Area.** The Permitted Area is defined in Exhibit A hereto.

4. **Development Schedule.** The Development Schedule is defined in Exhibit B hereto.

5. **Reservation Fee.** Contemporaneously with the execution hereof, Franchisee shall pay to Franchisor a non refundable fee equal to five thousand and no hundred dollars (\$5,000) for each of the Specified Units, which amount shall be credited against the Franchise Fee for the Unit to which it related if that Unit is opened no later than the time specified in the Development Schedule.

6. **Unit Permission.** Within ninety (90) days prior to the time each Specified Unit subsequent to the first Specified Unit shall be opened pursuant to the Development Schedule, Franchisee shall submit an application therefor ("Unit Permission Application"), containing such information as Franchisor shall stipulate from time to time, including that required by the Unit Franchise Agreement. Provided such application meets the criteria set forth in the Unit Franchise Agreement, Franchisor shall approve such application.

7. **Unit Franchise Agreement.** Attached hereto as Exhibit C is a form of franchise agreement, including its exhibits, in use by Franchisor at the date of this Area Development Agreement, a copy of which shall be executed by Franchisee and Owners contemporaneously with execution hereof and shall govern the first Specified Unit, with such postponements of requirements

as Franchisor shall prescribe at the time of its execution. Franchisee and Owners shall execute a Unit Franchise Agreement with Franchisor with respect to each applicable subsequent Specified Unit in such form as is then used by Franchisor, and shall pay such fees as are prescribed therein, at such time as the Unit Permission Application is approved by Franchisor.

8. **Franchisee Assurances.** Franchisee and Owners represent that they reviewed the Exhibit Franchise Agreement, that they make the representations and give the assurances therein contained, and that they are bound by the covenants and representations expressed in that Agreement and its exhibits as though incorporated verbatim herein, including without limitation, the terms of the Confidentiality Agreement attached thereto.

9. **Certain Incorporation.** Without limiting the foregoing or any provision of any Franchise Agreement, the provisions of Sections 1.1 g, 4, 19, 20, 21 and 22 of the Unit Franchise Agreement shall be deemed incorporated herein by reference and shall apply to this Agreement as well as to the Unit Franchise Agreement as if the same had been set forth verbatim herein.

10. **Use of Licensed Marks.** Franchisee shall not represent in any manner that is has acquired any ownership rights in the Licensed Marks, as defined on the Unit Franchise Agreement, by virtue of this Agreement.

11. **Default.** Upon the occurrence of any event of default, Franchisor may, at its option, and without waiving its rights hereunder or any other rights at law or in equity, including its rights to damages, terminate this Agreement and all of Franchisee's rights hereunder effective immediately upon the date Franchisor gives written notice of termination. The occurrence of any one or more of the following events shall constitute an event of default:

(a) If Franchisee or any of its Owners becomes insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Franchisee; or such a petition is filed against and consented to thereby, or if a bill in equity or other proceeding for the appointment of a receiver or custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;

(b) If Franchisee fails to pay any financial obligation pursuant to this Agreement within five (5) days after the date on which Franchisor gives notice of such delinquency;

(c) If Franchisee fails to comply with any of the requirements imposed by this Agreement, including but not limited to the Development Schedule;

(d) If Franchisee fails to carry out the terms of this Agreement in good faith;

(e) If Franchisee or its Owners fail to comply with any provisions of any agreement or obligation attendant hereto, including but not limited to any Unit Franchise Agreement, the Confidentiality Agreement, which is an Exhibit to the Franchise Agreement or any other Agreement with Franchisee or its Affiliates to which Franchisee or its Owners are subject;

(f) If Franchisee or any of its Owners makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement or any agreement or obligation

attendant hereto or thereto;

(g) If Franchisee or any Owner of a controlling interest in Franchisee is convicted of a felony, a crime of moral turpitude or any other crime or offense, or engages in conduct that is reasonably likely, in the sole opinion of the Franchisor, to adversely affect the Steak-Out System, as defined in the Franchise Agreement, any Steak-Out unit, the Licensed Marks as defined in the Franchise Agreement or the goodwill associated therewith; or

(h) If Franchisee or its Owners purport to transfer any rights or obligations under this Agreement without the Franchisor's prior written consent.

12. **Transfer and Assignment.**

(a) Franchisor shall have the right to transfer this Agreement and all or any part of its rights or obligations herein to any person or legal entity (including a franchisor or operator of a competing business), provided such transferee agrees to assume and be bound by the terms hereof.

(b) Neither Franchisee nor any of its Owners shall, without Franchisor's prior written consent, directly or indirectly, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or any portion or aspect thereof, or any voting or equity interest in Franchisee. The approval or denial of any proposed transfer shall be vested in the Franchisor's sole and subjective discretion. In the event Franchisee is a corporation, the stock of such corporation shall not be publicly sold or traded on any securities exchange or in the over-the-counter market, without the prior written consent of Franchisor, which consent may be given or denied in Franchisor's sole discretion.

(c) Upon the death or permanent disability (as reasonably determined by an independent third party such as a licensed medical doctor) or dissolution of Franchisee, or any Owner of at least a 20% interest in Franchisee or any Operating Partner, such person or the executor, administrator, or personal representative of such person shall transfer (including by bequest or inheritance) his interest to a third party approved by Franchisor, within nine (9) months after the death or permanent disability.

13. **Counterparts.** This Agreement may be executed in multiple copies, each of which shall be deemed an original.

14. **Acceptance.** This Agreement is not binding on the Franchisor except after its formal acceptance, and notice thereof, in accordance with Franchisor's procedures, after full execution hereof by Franchisee and Owners.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement under seal on the date first written above.

FRANCHISOR:

STEAK-OUT FRANCHISING, INC.

By: _____
Title: _____

Witness: _____
(Corporate Seal)

FRANCHISEE:

By: _____
Name: _____
Title: _____

Witness: _____
(Corporate Seal)

**FRANCHISEE
OWNERS:**

By: _____
Name: _____

By: _____
Name: _____