STEAK-OUT FRANCHISING, INC.
INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION

****

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY, WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

Federal Trade Commission
Washington, D.C. 20580

Date of Issuance: April 30, 2006

FRANCHISE OFFERING CIRCULAR

Steak-Out Franchising, Inc.
A Georgia Corporation
3091 Governors Lake Drive,
Suite 500
Norcross, Georgia 30071
(678) 533-6000

Steak-Out units specialize in home and office delivery, take-out, and catering of quality meals consisting of charbroiled steaks, chicken, burgers, potatoes, salads, desserts and accompanying items, all using the name "Steak-Out" and the systems prescribed by Steak-Out.

An initial Franchise Fee of $25,000 is payable for each unit franchise. Applicants who are awarded the right to operate multiple stores within an area through an Area Development Agreement must pay the Franchise Fee for their first unit, and a $5,000.00 Reservation Fee, which is credited against subsequent franchise fees (assuming compliance with that agreement), for each subsequent unit they are entitled to build at the time rights are granted.

The estimated initial investment for a unit, as reported to us by Franchisees, ranges from $249,500 to $429,400, including certain working capital, opening inventory and advertising costs.

RISK FACTORS:

THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT ARE GOVERNED BY GEORGIA LAW AND LITIGATED DISPUTES RELATING TO THEM MUST BE FILED IN GEORGIA. AT STEAK-OUT'S ELECTION, ANY DISPUTE ARISING FROM THE FRANCHISE AGREEMENT MUST BE SUBMITTED TO BINDING ARBITRATION IN GEORGIA. THE AGREEMENTS PROVIDE CHOICE OF LAW ELECTIONS. GEORGIA LAW MAY PROVIDE BENEFITS AND PROTECTIONS THAT ARE DIFFERENT FROM THOSE OF YOUR HOME STATE. YOU MAY WANT TO COMPARE THESE LAWS. IT IS POSSIBLE THAT LITIGATING IN A STATE OTHER THAN YOUR HOME STATE WOULD BE MORE COSTLY AND THAT IF YOU CHOSE TO SETTLE THE DISPUTE PRIOR TO A JUDICIAL DETERMINATION THE SETTLEMENT COULD BE LESS BENEFICIAL TO YOU.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators listed in Exhibit D or your public library for sources of information. Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and the state authority listed in Exhibit D.

Steak-Out's web address is www.steakout.com.

Effective Date: April 30, 2006 (Most States)

TABLE OF CONTENTS

competitors will be restaurants offering delivery of other food items. While the market for food products is developed in most areas, the market for delivery of steak, chicken and burgers is largely underdeveloped. Your ability to compete in the market will depend in large part on your own capabilities and dedication, on the geographical area and site location you choose, and on general economic conditions. While we believe that your affiliation with our system is very beneficial, it does not guarantee you a successful or profitable business operation. Our business is not substantially seasonal, though sales may increase with poor weather, or decrease in summer.

There are no government regulations specific to the operation of a Steak-Out Unit, although you will be required to comply with all local, state and federal food, health and sanitation laws and building and zoning requirements. You will also be subject to laws governing your relationship with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. There may be other laws applicable to your business, and we urge you to make further inquiries to your advisors about these laws. Registered agents for service of process are listed in Exhibit D hereto.

As of April 1, 2006 there are 67 Units using the Steak-Out brand, including 3 of which that are owned and operated directly or indirectly by our affiliate, Steak-Out Development Corp. The first Steak-Out restaurant opened in 1986, in Huntsville, Alabama. Steak-Out has been granting franchises since January 1988.

Steak-Out maintains principal offices at 3091 Governors Lake Drive, Suite 500, Norcross, Georgia 30071 (678) 533-6000. Steak-Out was incorporated in the State of Alabama in 1987 and reincorporated in the State of Georgia in 1995.

We do not have a predecessor or affiliate other than as shown in this document.

Item 2

BUSINESS EXPERIENCE

We invite you to meet the members of our team and to review their wealth of experience for yourself. A few of the various members who will be resources to you are listed below.

President, CEO and Director: Donald R. Harkleroad

Mr. Harkleroad serves as the Chief Executive Officer and as a Director of Steak-Out, positions he has held since January, 1995. He became the President of Steak-Out in March, 1995. Mr. Harkleroad practiced law from Atlanta, Georgia for the past thirty years. He has also been involved in the management of various other companies operating in the food, banking, real estate,

Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

Steak-Out Franchising, Inc. is the Franchisor. To make references easier in this Circular we refer to the Franchisor as "Steak-Out", or as "we", or "us", and to the entity to which the franchise is granted as "you." Certain agreement provisions also apply to your owners.

We operate and grant franchises for the operation of delivery, take-out, catering and other restaurant units (the "Units") under the service mark "Steak-Out" and other marks that we may use. We currently do business under our corporate name and Steak-Out. We currently do not do business or offer franchises under any other name or in any unrelated line of business.

Steak-Out Units sell a limited menu primarily of charbroiled steaks, burgers and chicken sandwiches, baked potatoes, salads, desserts and beverages, featuring home and office delivery and take-out and catering services. Each Unit is characterized by a distinctive system that includes unique menus, equipment layout, paper products and other items, recipes and specifications for preparing and delivering food products. Our operating manuals cover business practices and policies, information systems, inventory methods, merchandising and promotional techniques and personnel training.

We offer 3 kinds of agreements to operate with Steak-Out. They are an Initial Deposit Agreement, a Franchise Agreement, and an Area Development Agreement.

Our Unit Franchise Agreement (the "Franchise Agreement") (a form is attached asExhibit A) grants an exclusive right to operate one Steak-Out Unit at a specified location and within a specified Delivery Area and governs the construction and operation of the Unit. We also offer an Area Development Agreement (a form is attached as Exhibit B), which grants a right to develop and operate a certain number of Steak-Out Units in a specified area (the "Permitted Area") at specific locations to be designated in separate Franchise Agreements. The number of Units to be developed in the Permitted Area and the Development Schedule on which those Units are required to be opened will be determined by agreement between you and Steak-Out as part of the Area Development Agreement.

The Initial Deposit Agreement referred to above allows you a territory to develop a single Unit for 60 days while we are processing your application, and during which time you can gather information and obtain financing. A form of the Steak-Out Initial Deposit Agreement is attached as Exhibit C).

The food service industry is intensely competitive with respect to price, service, location and food quality. You will be competing with a large number of national and regional restaurant chains and local restaurant operators. We believe that your direct competitors are small, single or multi-unit delivery businesses offering delivery of steaks, burgers and chicken, and that your primary indirect

Item 3

LITIGATION

In the course of its business, Steak-Out sometimes becomes involved in certain litigation, some of which is listed below.

Active Litigation

In Rightway Restaurants, Inc. et.al. v. Oldfield Eastern Corp. et.al. (Northern District of Alabama Civil Action No. CV-02-S-1331-NE) Steak-Out asserts a claim for trademark infringement, impermissible activities, failure to adhere to franchise agreements and improper conduct against a former licensee of the Steak-Out Marks (Rightway). Steak-Out filed its claims on February 28, 2003, as a third-party intervenor in a case filed by Rightway Restaurants originally on May 30, 2002 against Oldfield Eastern Corporation. The original defendant Oldfield Eastern Corporation, which owns certain shares of Steak-Out's parent company, Steak-Out, Inc., also claims against Rightway for monies due related to misrepresentation, failure of consideration, and otherwise. Rightway Restaurants has not filed any claim against Steak-Out. Discovery in this case has been completed. In September, 2003 Oldfield Eastern Corporation filed a motion for summary judgment seeking to dismiss the claims of Rightway, and Rightway filed a cross-motion for summary judgment on its claims against Oldfield Eastern Corporation. Also, in September, 2003 Steak-Out filed a motion for partial summary judgment on its claims for trademark infringement and breach of contract against Rightway, and Rightway filed a defensive cross-motion for summary judgment seeking to dismiss Steak-Out's claims against it. Those motions remain pending. There is no assurance as to the outcome of the litigation.

Inactive Litigation

The Company asserted claims against a franchisee who filed suit June 14, 1996, in Steaks to Go, Inc., et. al. v. Steak-Out Franchising, Inc., (Northern District of Alabama Civil Action No. CV-96-H-1818-NE) in which a franchisee sought the right to open new stores without Franchisor approval, a determination whether promotion and development fees paid by it are permitted or required to be returned to it periodically for its own expenditure, and determination whether it has the right to install in its stores equipment that has not been tested or approved by Steak-Out. No dollar amount of actual or punitive damages was specified in this suit. Steak-Out moved for summary judgment, and the franchisee failed to respond. The franchisee and one of its co-owners filed bankruptcy. The franchisee has failed to pursue this litigation since 1999, and is no longer a Steak-Out franchisee.

internet and natural resources fields, and various domestic and international business, civic and charitable organizations.

Vice President, Finance and Accounting: Michael T. Anderson

Mr. Anderson has served as Vice President, Finance and Accounting, with Steak-Out since early July, 1995. Mr. Anderson served as Vice President, Franchise Development, and Vice President, Franchise Administration, with America's Favorite Chicken Company from 1992 to July, 1995, as Manager, Worldwide Reservations, with Holiday Inn Worldwide, Inc. in 1992, and as Vice President, Director Corporate and Site Budgeting, Supervisor of Internal Audit, with Days Inns of America, Inc. from 1986 through 1992. All of these positions were in Atlanta, Georgia.

Vice President, Corporate Development: Joseph M. McCord

Mr. McCord serves as Vice President, Corporate Development of Steak-Out, a position he has held since March, 1995. He served as Executive Vice President and Chief Operating Officer of Steak-Out from March, 1994 to December, 1994. From April 1992 to August 1993, he served as Senior Vice President of World Business Network, Inc., Atlanta, Georgia. From June 1990 to April 1992, he served as Executive Vice President of Academic Management Services, Inc./ESSI, Atlanta, Georgia. From 1981 to 1989, Mr. McCord worked for Domino's Pizza, Inc., Atlanta, Georgia, where he served as Regional Vice President from 1986 - 1989.

Vice President of Marketing: Tim Myers

Mr. Myers serves as Vice President of Marketing of Steak-Out, a position he has held since March, 2000. From May, 1979 to March, 2000, he worked for Boddie-Noell Enterprises in Rocky Mount, North Carolina in various positions, including Assistant Director of Marketing, Director of Marketing, and Director of Purchasing and Product Development. Boddie-Noell Enterprises is the largest franchisee of Hardee's restaurants, with over 300 units.

We may use a franchise broker as listed on Exhibit E hereto in connection with our sales of franchises.

Dismissed Litigation

In 1999 Steak-Out settled another lawsuit in which Steak-Out asserted counterclaims against a franchisee for breach of contract, while the franchisee sought a right to certain promotion and development fee revenue, and the right to operate an unapproved computer system. (Alkay v. Steak-Out Franchising, Inc. Civil Action No. CV-96-1819-NE, Northern District of Alabama). The Plaintiff subsequently filed bankruptcy in August, 1998, and a purchaser of its assets settled by paying Steak-Out $95,000 and with the franchisee and its principal agreeing not to engage in a competitive business for two years.

In 1998 Steak-Out won summary judgment of approximately $90,000 against a former franchisee whom Steak-Out sued in January, 1997 for breach of trademark protection for its hold-over use of Steak-Out's trademarks and for unpaid royalties. In May, 1997 the former franchisee had unsuccessfully counterclaimed alleging Steak-Out had breached the franchise agreemenSteak-Out Franchising, Inc. v. Bolooki et.al. (Civil Action No. CV 97-H-0118-NE, Northern District of Alabama).

In Steak-Out Franchising, Inc. v. Bostic & Carr Enterprises, LLC and Robert Carr, (Super Ct. of DeKalb Co. Ga. – Civil Action No. 04 cv 12161-9) filed in November, 2004, the Company asserts a claim for damages against an ex-franchisee, Bostic & Carr Enterprises, LLC, and a guarantor of that entity's obligations. Bostic & Carr Enterprises, LLC abandoned its operations in December, 2003 without prior notice to the Company. The guarantor has answered the Complaint and admitted that Bostic & Carr Enterprises, LLC owes Steak-Out some amount of money. Bostic & Carr Enterprises, LLC has not answered the Complaint. The guarantor settled the claims against it in August, 2005 by a payment to us. No counterclaim was asserted, and the case has terminated.

Other than these five actions, no litigation is required to be disclosed in this Offering Circular.

Item 4

BANKRUPTCY

No person identified in Items 1 or 2 of this Offering Circular has been a debtor in a proceeding under the United States Bankruptcy Code required to be disclosed in this Item.

Item 5

INITIAL FRANCHISE FEE

Upon signing of each Franchise Agreement, you must pay us an initial non-refundable franchise fee in the amount of $25,000.00.

To help assure that your Unit is properly advertised, when you sign the Franchise Agreement, or at such later time before your store opening as we specify, you may deposit with us grand opening advertising costs of $15,000.00, which are non-refundable. If you deposit that money with us, we will disburse such funds for your Unit at your direction according to a grand opening plan that you design and that is in form and content approved by us. If you don't deposit that money with us, you will pay it directly to third-parties to advertise your Unit's grand opening.

The total amount of deposits, fees and payments that may be paid to Steak-Out or for all goods and services prior to the opening of a Unit is up to $40,000.

Under the Area Development Agreement, you must pay us a Reservation Fee of $5,000.00 for each Unit required to be developed in the Permitted Area, after the initial Unit. This fee is paid at execution of the Area Development Agreement, and is not refundable. However (assuming compliance with that Agreement) the future franchise fee to which the Reservation Fee relates will be reduced by $5,000.

If you chose to use the Initial Deposit Agreement method, a partially refundable fee of $5,000 is paid, all of which is also credited against your subsequent Franchise Fee. One half of the $5,000 is refundable to you if you do not sign a Franchise Agreement within sixty (60) days; the other half of the $5,000 fee is non-refundable.

Item 6

OTHER FEES

NAME OF FEE[1]:	AMOUNT	DUE DATE	REMARKS
Royalties	5% of Royalty Sales of the Unit thereafter.[2]	Payable on the day of the week we periodically designate.	We will debit your bank account for Royalties due[3]
Promotion and Development Fee	The amount currently charged is 2% of Royalty Sales of the Unit. This percentage may be increased periodically to not more than 6%.	Payable on the day of the week we periodically designate.	We will debit your bank account for the Promotion and Development Fee.
Transfer Fee - Franchise Agreement	75% of the then-current Franchise Fee for approved transfer to a new franchisee; 50% of the then-current Franchise Fee for approved transfer to an existing franchisee; 20% of the then-current Franchise Fee for approved transfer of less than substantial or controlling ownership in the Franchisee.	When you apply for our consent to transfer	Transfers require our consent and must meet our criteria.
Renewal Fee	50% of the then-current Franchise Fee; currently the Renewal Fee is $12,500	Upon renewal of Franchise Agreement	N/A
Communication and Information Systems Fee	Currently $0. You may pay annual software maintenance fees to third-parties that may cost $1,000. See Item 11.	Undetermined at this time	The amount of this fee is set by us periodically based on the services to which it relates.
Software License Fee	Currently $0	Upon installation of software on the computer hardware in a Unit.	The amount of the fee may be increased by us.
Relocation Fee	30% of the then-current Franchise Fee; currently $7,500	When you apply for relocation	You must meet our relocation criteria.
Audit and inspection fee	Cost of audit and inspection.	Immediately upon our request	Payable if audit and inspection show that Royalty Sales exceeded amount reported by you or that you have violated the Franchise Agreement.
Secret Shopper Cost	$50 per visit by secret shopper	Immediately upon our request	We retain a third-party firm to secret shop your store approximately twice a month in the first year of operation.

NAME OF FEE1:	AMOUNT	DUE DATE	REMARKS
Costs and Attorney's fees	Will vary under circumstances	As incurred	Payable if incurred by us in obtaining injunctive or other relief for the enforcement of any term of the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your Unit's operations.
Interest on all amounts due from any fee not paid in full	Daily equivalent of the lesser of 18% per annum or highest rate permitted by law.4	As incurred	Payable as incurred.
Confidential Operations Manual ("COM") Replacement Fee	$2,000	Upon re-issue of COM	Payable only if your COM is lost or destroyed.
Non Compliance Fee	$500 per day plus costs of investigation and review	Immediately upon our request	Incurred for investigating non-compliance and correction
Post-termination Damages (Incurred only upon termination of Franchise Agreement due to a default by you.)	Actual and consequential damages suffered by us, and costs and expenses of collection, and liquidated damages equal to the greater of (i) $10,000 or (ii) the last 24 months continuing fees, or such lesser number of months as remain on your franchise agreement at the time of termination.	Immediately upon termination for a default by you.	These amounts are <u>not</u> due unless your Franchise Agreement is terminated due to your default.
Insurance Premiums	Will vary under circumstances	Upon due date of premium and periodically if needed	At our election, we can collect insurance premiums and remit to insurance companies

1. Fees payable to Steak-Out are non-refundable.

2. "Royalty Sales" are defined in Section 4.1(w) of the Franchise Agreement, as the total amount derived from any source (including proceeds of insurance or amounts paid by other parties for business interruption or diminution of sales), without discount or reduction for uncollectible amounts, that arise from business conducted or originated on or off the Premises or the use of the Licensed Marks, including the standard price for all goods and services sold or made available from the business, but not including sales tax, if that amount is added to the selling price and actually paid by you to the taxing authority.

3. Prior to opening the Unit, you must sign and deliver to us and your bank all required documents that permit us to debit your bank account for all fees and expenses due to

Steak-Out.

4. Interest begins from the date of nonpayment or underpayment.

Item 7

YOUR ESTIMATED INITIAL INVESTMENT
(Note 1) (Note 2)

The following estimates are based on advice given to us by franchisees from time to time. Individual choices made by franchisees affect several of these items, the costs of which can be less than, or in some cases more than, the ranges listed. (Note 2)

	AMOUNT (Note 2)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$25,000 (Note 3)	Lump Sum	No later than signing of Fran. Agreement.	Steak-Out
Travel and Living Expenses while Training	$5,500 to $8,000 (Note 4)	As incurred	During training	Airlines, hotels, restaurants, and other third parties
Leasehold Improvements (Note 5)	$75,000 to $153,000	As incurred	Prior to opening	Contractors, suppliers and other third parties
Equipment, Fixtures and Signage	$63,500 to $105,000 (Note 6)	Lump Sum	Prior to Opening	Contractors and/or suppliers and other third parties
Opening Inventory (Food, paper and supplies)	$6,300 to $30,000	Lump Sum	Prior to Opening	Third party vendors
First 3 Months Rent	$4,500 to $9,000	As incurred	Monthly	Lessor
Secret Shopper Costs	$200 to $400	As incurred	Monthly	Third Parties
Security Deposit/Lease	$1,500 to $3,000	Lump Sum	Pre-Opening	Lessor
Utility Deposits	$1,000 to $2,000	Lump Sum	Pre-Opening	Suppliers
Legal and Accounting Costs	$1,000 to $2,500 (Note 7)	As incurred	Pre-Opening	Steak-Out and Third Parties.
Architectural Drawings and Design Fees	$5,000 to $8,000	As incurred	Pre-opening	Third Parties
Information System (Note 8)	$14,500 - $25,000	Lump Sum if purchased; Periodic lease payments if leased	Pre-Opening or Per Lease Agreement	Steak-Out or approved supplier

	AMOUNT (Note 2)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Grand Opening Advertising Costs and Promotional Material	$15,000	Lump Sum	Prior to Opening	May be deposited with Steak-Out for reimbursement or disbursement to third parties, or paid to third parties
Additional Funds - 3 months (working capital) (Note 9)	$25,000 to $35,000	As incurred	As incurred	Employees, suppliers, other third parties
Insurance (First Year)	$6,500 to $8,500 (Note 10)	Deposit and periodic payments	Prior to and after opening of Unit	Insurance Company, or us if we require
TOTAL	$ 249,500 to $ 429,400			

EXPLANATORY NOTES TO TABLE

(1) Amounts and Total. We have relied on experience in business and information provided to us by our franchisees to compile these estimates. We do not independently verify this information, and your costs may be more or less, depending on the decisions you make. Your costs may vary widely based on differences in different markets. You should review these figures carefully with your business advisor before making a final decision to operate a Steak-Out Unit. These estimates do not include finance charges, interest or debt service obligations you may incur if you undertake debt or lease obligation to fund your costs.

The estimates are based on a newly constructed 1800 square foot in-line strip shopping center shell, including standard electrical systems, HVAC systems, drop ceiling and Americans with Disabilities Act - compliant entrance and restrooms.

(2) Your Initial Investment. None of the fees listed above as payable to Steak-Out are refundable once incurred. Financing is generally available from third party banks, leasing companies and other lenders and equity suppliers who are not affiliated with Steak-Out. We do not offer financing for any part of your initial investment, but financing is available from a number of third-party sources. (See Item 10).

(3) Initial Franchise Fee. The initial franchise fee of $25,000 relates to an individual Unit and does not include the $5000 per store that may be paid to reserve future locations under an Area Development Agreement. If you execute an Initial Deposit Agreement, the $5,000 that you pay pursuant to that agreement will be credited against your Initial Franchise Fee. See Items 5 and 12. You are not obligated to execute an Area Development Agreement or an Initial Deposit Agreement, and you are not obligated to pay any fees under those agreements to open a franchise.

(4) Travel and Living Expenses While Training. This estimate includes lodging, meals and transportation for three persons. These costs may vary, depending on the location of lodging, eating habits and means of transportation you choose. This estimate does not include salaries, payroll taxes and workers' compensation insurance for your employees.

(5) Leasehold Improvements. You should expect to lease a facility for your initial Steak-Out Unit that is larger than subsequent Units, since you may have your training for subsequent Steak-Out Units out of this Unit. The estimated size of a Steak-Out Unit is 1,600 to 1800 square feet. These estimates relate to an in-line Unit. If your Unit is located in a free standing building, you may incur additional costs of improved identity (i.e. signage, painting, awnings, etc.). Costs may vary widely due to local codes, union versus non union labor and local operating procedures.

(6) Equipment, Fixtures and Signage. The high-range estimate includes a pole sign, which we estimate to cost $4,500 to $7,000. Not all Steak-Out Units use a pole sign, since it can be used only in instances where the sign would comply with local sign ordinances. We do not require you to use a pole sign. The total does include new equipment, which is required, general signage and telephone system.

(7) Legal and Accounting Costs Generally, you will engage your own accountant and your own attorney, if you desire one, to advise you regarding opening your Unit. You may take advantage of any demographic data we have about potential sites, and we will give you certain minimum requirements for your lease.

(8) Information System. You must install a specific information system for each Unit. The system may be purchased or leased. The cost of the system will vary depending on the configuration of the System you install.

(9) Additional Funds. Additional funds is an estimate of funds needed to cover other expenses prior to opening, and for a three month period after opening. These expenses include employee wages, licenses, permit costs, uniforms, recruitment, in-store training expense, as well as additional opening capital for other variable costs. Example: electricity, telephone, heat, etc., paper, cleaning and other supplies. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: the timeliness with which you follow our methods and procedures, your management skill, experience and business ability, local economic conditions, the local market for your products and services, the prevailing wage rates, competition, and the sales level reached during the initial period.

Of Additional Funds, $2,500 to $6,500 is estimated to be spent in the pre-opening costs, and $22,500 to $28,500 is estimated to be spent in the first three months after opening of your Unit.

(10) Insurance (First Year). This estimate does not include workers' compensation insurance premiums. Workers' compensation insurance premiums vary according to your payroll and the premium structure of the state in which your business will be located. Because of these

variables, it is impractical to state with precision the cost of workers' compensation insurance. You should obtain quotes for workers' compensation insurance from insurance companies of your choice before proceeding. If we require, we will collect by electronic transfer the insurance premiums, and remit those to your insurance company.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Our arrangements provide you with the ability to take advantage of various national buying, promotion and standards compliance programs that simplify and enhance your operations. You must purchase and install all fixtures, furnishings, signs, equipment and systems that meet our standards and specifications. These specifications include design, appearance and quality. In addition, you are required to purchase all fixtures, furnishings, signs, equipment, inventory, uniforms, advertising material and other supplies used in the operation of the Unit from approved suppliers and to coordinate your promotion activities with our specifications. Our evaluation and analysis of approved suppliers is an ongoing process. We make no representation to you as to those suppliers or their products, all of which may come from the suppliers themselves. We believe those suppliers to be reputable and beneficial to you, but we do not directly furnish you with any material monetary or other benefit such as renewal or granting of additional franchises for using those suppliers. A list of approved products and suppliers is in our Confidential Operations Manual or is otherwise provided to you in writing. Specifications for goods, products, supplies and equipment are also set-out in our Confidential Operations Manual. Specification changes are reflected in amendments to the Confidential Operations Manual. The approved suppliers can provide you with approximately 80% of your total purchases in connection with the establishment of your Unit, and between approximately 75% and 85% of your total purchases in connection with the operation of your Unit.

In evaluating suppliers, we currently examine a number of factors, including: (i) whether the supplier is able to produce goods and products which meet our standards and specifications; (ii) whether the supplier can produce the goods and products in the necessary time frames and quantities; and (iii) whether the supplier meets our service standards. If you wish to vary from our established standards and to purchase an item that we have not previously approved, or purchase from an unapproved supplier, you must submit to us a written request before making such a purchase. We will investigate the supplier and examine the proposed product and may charge you a fee, which will not exceed the cost of our examination. We are not obligated to disclose to you our criteria for supplier approval. However, we will consider requests for disclosure of such criteria if made to us in writing. If we have not specifically approved the request within 30 days, you should consider the request to be disapproved.

We have negotiated purchasing agreements with most of our suppliers to provide a constant source of products at reasonable prices. However, you are not prohibited from negotiating your own terms with those suppliers. We will revoke approval of suppliers if they do not meet or maintain our criteria. You will be notified of any such revocation.

Firefly Technologies, LLC are currently the only approved suppliers for the Unit portion of the Steak-Out Information System. We may derive revenues from the sale or servicing of information systems to our franchisees. (See also Item 11). Last year we did not derive revenue from the sale of information systems or from franchisees for any sale of required product to franchisees. Currently, we are not the approved supplier for any other product used by Steak-Out franchisees. We derive revenue in the amount of the Franchise Fee ($25,000), which covers pre-opening services we perform.

As of the date of this Offering Circular, there are no fixed purchasing and distribution cooperatives in the Steak-Out system. However separate Steak-Out stores often cooperate in purchasing advertising materials.

If you lease the business premises, the lease is subject to our approval. The lease must contain a collateral assignment of your lease to Steak-Out, and must grant Steak-Out the right to enter the premises to make any modifications necessary to protect our Licensed Marks. In addition, the lease must provide that your landlord give its consent to the collateral assignment and Steak-Out's right to cure certain defaults in your lease should you not do so, and to assume the lease. The Collateral Assignment of Lease Agreement and Consent of Landlord are attached as Exhibit I to the Franchise Agreement.

You will be required to use only business stationery, business cards, marketing materials, advertising materials, printed materials or forms which we have approved in advance. You will also be required to submit for our prior approval samples of all advertising you propose to use that have not been prepared or previously approved by us. Internet websites you may use are subject to restrictions. All advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. You may not use any marketing or promotional materials which we have disapproved.

The Franchise Agreement also requires you to keep insurance in force with carriers having an A VII or better rating with Alfred M. Best and Company, Inc., and to timely deliver to us certificates of all required insurance. You will have to obtain at least the following amounts and types of insurance: (1) Comprehensive blanket general public liability including products liability insurance of at least $2,000,000, (2) Fire, vandalism, theft, burglary and extended coverage insurance with limits of at least 90% of the replacement value of your leasehold improvements, furniture, fixtures, equipment and inventory, and (3) Worker's compensation and employer's liability insurance in the amount required by state statutes.

At our election, we may collect insurance premiums by wire transfer and remit to insurance companies. See Franchise Agreement, Section 18.5.

Approved suppliers cooperate with us in the development of joint programs, research and development and promotion, and make services and monetary contributions to our efforts, which may be based on volume sales derived from Steak-Out Units. From time to time we derive revenue as a result of sales of products store units are required to purchase. Thirty-three approved suppliers contributed $283,383.20 to Steak-Out's efforts in 2005 (approximately 8.7% of our total revenues). The approved suppliers sell the following items: Americare (gloves), Barrel O' Fun (potato chips), Berry Plastics (cups), Boca Grande Foods (condiments), Braswell Food Co. (steak sauce), C&M Fine Pack (packaging), CF Sauer (seasoning), ConAgra (oil, soy sauce, and meat), Cookietree Bakeries (cookies), Darifair (sour cream), Dart Container (packaging), Dispoz-o (cutlery), Filet of Chicken (chicken nuggets), Genpak (foam containers), Heavenly Cheesecake (desserts), Hormel (bacon pieces), Inerplast (plastic bags), Lance Crackers (saltines), Lu-Mar (shrimp), Mid-America / Dairy Farmers of America (cheese), Modern Packaging (condiments), Mott's / Cadbury Schweppes (applesauce), Naturally Fresh (salad dressing), Naturally potatoes (garlic mashed potatoes), Pilgrim's Pride (Chicken wings), Reily Foods (tea), Reynolds Metals (foil wrap), Smithfield (Bacon pieces), Solo/Sweetheart Co. (portion cups and packaging), TCB Mfg. (warming bags), Unisource - Cardinal (Straws), Wenner Bread Products (rolls), and Wolverine Packing (beef). Funds received from such sources were used as part of Steak-Out's general operating funds.

Item 9

FRANCHISEE'S OBLIGATIONS

THIS TABLE REFERS TO YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR. YOU SHOULD ALSO REFER TO THE TABLE OF CONTENTS AND SECTION HEADING IN VARIOUS DOCUMENTS.

OBLIGATION	SECTION(S) IN AGREEMENTS	ITEM(S) IN OFFERING CIRCULAR
(a) Site selection and acquisition/lease	Sections 7.1(d) and 9.1 of the Franchise Agreement	Items 6, 7 and 11
(b) Pre-Opening purchases/leases	Sections 9.1, 9.2, 9.4, 9.5, 9.6, 9.18 and 9.26 of the Franchise Agreement	Items 7 and 8
(c) Site Development and other pre-opening requirements	Sections 9.1, 9.2, 9.6, 9.18, 10.1(a), 12.3, 18.1 and 18.2 of the Franchise Agreement	Items 7 and 11
(d) Initial and ongoing training	Section X of the Franchise Agreement	Items 7 and 11
(e) Opening	Sections 9.3 and 12.3 of the Franchise Agreement	Item 11
(f) Fees	Section VII and Exhibit D of the Franchise Agreement, Section 5 of the Area Development Agreement, and Sections 4.A., 4.B, 5.A., and 15 of the Information System Agreement	Items 5, 6, 7, and 1
(g) Compliance with standards and policies/Operations Manual	Sections 3.5, 3.6, 8.6, Section IX, XI, 12.5 and Section XIV of the Franchise Agreement and Sections 3A and 3B of the Information System Agreement	Items 8 and 11
h) Trademarks and proprietary information	Section VIII and Exhibit J of the Franchise Agreement, Section 10 of the Area Development Agreement and Sections 4.A. and 6 of the Information Systems Agreement	Items 11, 13 and 14
(i) Restrictions on products/services offered	Sections 1.1(b), 1.1(e), 3.4, 9.7, 9.13, 9.15, 9.20, 9.23, 9.24, 9.26, 12.5 and 21.9 of the Franchise Agreement	Item 16

OBLIGATION	SECTION(S) IN AGREEMENTS	ITEM(S) IN OFFERING CIRCULAR
(j) Warranty and customer service requirements	Sections 9.17 and 9.24 of the Franchise Agreement	N/A
(k) Territorial development and sales quotas	None in Franchise Agreement and Section 4 of the Area Development Agreement and Section 1 of the Initial Deposit Agreement	Item 12
(l) On-going product/service purchases	Sections 3.5, 3.6, Section IX, 10.1, 10.4, 12.2, and 12.5 of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 3.5 and 3.6 of the Franchise Agreement and Section 4.D of the Information Systems Agreement	Item 11
(n) Insurance	Section XVIII of the Franchise Agreement	Items 7 and 8
(o) Advertising	Section 9.15 and XII of the Franchise Agreement	Items 5, 6, 7 and 11
(p) Indemnification	Section 20.1 of the Franchise Agreement	Item 6
(q) Owner's participation/ management/staffing	Sections 1.1g, 5.2, 9.8, 9.9, 9.10, 9.11, 10.1, 10.4, 14.1 and 14.5 of the Franchise Agreement	Items 11 and 15
(r) Records/reports	Section XIII of the Franchise Agreement	Item 11
(s) Inspections/audits	Sections 7.6, 9.1(d), XIII, 21.1 and 21. 9 of the Franchise Agreement	Item 6
(t) Transfer	Section XV of the Franchise Agreement and Section 12 of the Area Development Agreement and Section 4(b) of the Initial Deposit Agreement	Items 6, 17
(u) Renewal	Sections 2.2 and 2.3 of the Franchise Agreement	Items 6, 17
(v) Post-termination obligations	Section 9.6 and Section XVII of the Franchise Agreement	Item 17
(w) Non-competition covenants	Sections 14.1 and 14.4 of the Franchise Agreement	Item 17
(x) Dispute Resolution	Section XXI of the Franchise Agreement and Section 9 of the Area Development Agreement	Item 17

OBLIGATION	SECTION(S) IN AGREEMENTS	ITEM(S) IN OFFERING CIRCULAR
(y) Other -- Verification and Assurance of Obligation	Sections 13.9 and 21.10 of the Franchise Agreement and Personal Guaranty	N/A

Item 10

FINANCING

Steak-Out does not offer financing to franchisees itself and does not guarantee your note, lease or other obligations. Financing is generally available from third party sources that are not affiliated with Steak-Out. You may choose your own source of financing, and we do not derive revenue from any financing source you may use.

Item 11

FRANCHISOR'S OBLIGATIONS

As an independent business person, you will be responsible for the management, operations and profitability of your Steak-Out Unit and its compliance with Steak-Out's standards. Steak-Out will provide you with various forms of assistance that from time to time will exceed what we are obligated to do, but will not be required to supply assistance other than as set forth in the Franchise Agreement, referenced in summaries below.

A. Pre-Opening Obligations.

Except as listed below, Steak-Out need not provide any assistance to you. Prior to your commencement of business, Steak-Out will provide you with:

(1) Training. (Fran. Agm. §§ 6.1 and X.) Opening Training, Periodic Training, and Continual Training. Your senior officer or general partner, Operating Partner, the Designated Manager and certain other employees must complete Steak-Out's Opening Training prior to and immediately after opening. This training usually lasts for 4 weeks. Your employees must also complete Periodic Training on a yearly basis. You are responsible for continually training employees or contractors regarding Steak-Out standards, including training as to health and safety standards, operating and safety procedures, compliance, customer awareness, advertising, public relations, business skills and personal development (Fran. Agm. § 10.1.) You and your key employees will pursue continual education and improvement of business skills by reviewing materials designed to improve overall skills. (Fran. Agm. §§ 10.4 and 14.5). A training outline is included at the end of Item 11.

The instructors of the training program have an average of approximately 5.3 years experience in the Steak-Out System and many more years of experience in the food industry.

All expenses and costs of training, including travel, room, board, wages, worker's compensation, and charges of Steak-Out must be paid by you. The training will be at times and places chosen by Steak-Out, which may include Units operated by our affiliate. (Fran. Agm. § 10.1.)

(2) Layout Information. Information about preliminary plans and layouts for the Unit, and standards for all fixtures, equipment, food, signs, improvements, etc. in similar Steak-Out Units. (Fran. Agm. § 6.1.)

(3) Equipment Information. Information concerning possible sources of fixtures, equipment, signs, furnishings, improvements and other products and services available to you. (Fran. Agm. § 6.1.) Steak-Out generally does not provide these items directly, but maintains names of approved suppliers.

(4) Operating Assistance. Pre-opening or post-opening assistance as Steak-Out deems appropriate. (Fran. Agm. § § 6.1 and 6.2) Generally, Steak-Out does not deliver or install items for

a Unit.

(5) Confidential Operations Manual. On loan, one copy of the Confidential Operations Manual. (Fran. Agm. § 6.1.) This document gives certain written instructions and specifications for certain purchases by you.

(6) Accounting Forms. Master copies of accounting forms for reporting transactions to Steak-Out. (Fran. Agm. § 6.1.)

(7) Location Advice. If you request, assistance and advice in locating the Premises and in negotiating the Premises Lease. (Fran. Agm. § 6.1.) Generally Steak-Out will not own the Premises.

(8) Administration of Grand Opening Advertising Expenditures. (Fran Agmt § 12.3) In addition to local advertising requirements, you will deposit with Steak-Out $15,000 that will be disbursed by us for grand opening advertising costs for the period 30 days before opening to 90 days after opening. The dollar amount stated must be paid to Steak-Out prior to opening. Steak-Out will disburse the money as reasonably directed by you, or reimburse it to you within our normal disbursement cycle upon presentation of valid invoices in accordance with a grand opening plan submitted by you to Steak-Out for approval at least 60 days prior to the opening date for the Unit. If you do not submit a grand opening plan and obtain Steak-Out's consent, Steak-Out may prepare such a plan. Any portion of the funds deposited with us which are not spent for grand opening advertising will be used for promotion purposes without any allocation or credit for such amounts being given to you.

B. Obligations During the Operation of the Franchise Business.

In addition to the training mentioned above, Steak-Out provides ongoing support and development to the Units and the Steak-Out System as a whole after each Unit opens. Specific categories of support and development are offered.

This support and development is implemented through a variety of direct and indirect methods which vary from time to time according to needs of Steak-Out and its system as a whole. Included in those methods are (1) coordination of advertising, marketing and promotion, (2) ongoing market and customer research, (3) ongoing research and development as to both products and systems, (4) quality assurance programs and inspections, (5) general business advice on an as requested basis, (6) financial analysis and advice as to Unit and franchisee operations, (7) periodic planning sessions for individual Units, (8) periodic (usually semi-annual) system-wide seminars and educational meetings, (9) periodic support visits with your Unit's marketing coordinator, (10) special consulting on competitive considerations, including competitive intrusions, (11) information reports as to system wide and individual matters of importance, (12) information processing assistance, (13) system-wide expansion and development efforts, (14) origination of marketing and promotion materials and products, and (15) administration of nationwide and regional advertising and promotion activities.

We allow you to use Steak-Out's tradenames, trademarks, service marks, trade dress and logos to identify and distinguish your Unit.

Those items specifically required by the Franchise Agreement are:

(1) Promotion. Steak-Out originates and makes available to you systemwide advertising and promotion materials, conducts regional, national and local promotion activities, and provides periodic assistance in local advertising and marketing, in addition to the local store advertising referred to above. Other activities are also included. These efforts are conducted in house and through outside public relations, advertising and market research companies. We decide where available resources can best be utilized and we are not obligated to spend any particular amount of money in any certain location or area. (Fran. Agm. § 12.1). You will also be required to maintain listings in both white pages and yellow pages telephone directories. (Fran. Agm. § 12.5).

Much of this work is done with the assistance of an advisory promotion council composed of franchisee representatives and company personnel, the composition of which is rotated periodically at our discretion.

Steak-Out administers promotion and development for Units in place prior to May, 1995. Such franchisees are currently required to contribute two percent of their Royalty Sales, and we may require such franchisees to contribute up to five percent of Royalty Sales for such fund. Those franchisees may, upon request, receive an annual financial statement for this activity. Neither Steak-Out nor any of our affiliates received money from this activity other than an administrative fee to cover our administrative expenses and local marketing expenditures available to all qualifying Units. Units operated by our affiliates contribute on an equal basis to this activity. Approximately 14.0% of 2005 expenditures were expended directly to Franchisees, who assumed responsibility for their proper expenditure for Promotion purposes within their individual markets.

For certain franchisees operating under agreements in place prior to May, 1995, Steak-Out administers promotion and development for Units to which such franchisees are currently required to contribute two percent of their Royalty Sales. (Franchisor may require such franchisees to contribute up to five percent of Royalty Sales for such fund). Those franchisees may, upon request, receive an annual financial statement for this activity. Neither Steak-Out nor any of our affiliates received money from this activity other than an administrative fee to cover our administrative expenses and local marketing expenditures available to all qualifying Units. Units operated by our affiliate contribute on an equal basis to this activity.

Franchisees operating under Agreements in place after May, 1995 pay a Promotion and Development Fee that is used for national and/or regional advertising, public relations, marketing programs and market research, competitive intrusion protection, research and development, as well as for promotion and development of the Steak-Out system and support to individual stores and salary and other overhead related thereto. The amount of the Promotion and Development Fee is currently 2% of Royalty Sales. That amount may be increased by Steak-Out but to no more than 3% of Royalty Sales prior to the end of the first fiscal year after you execute a Franchise Agreement, 4% prior to the end of the second fiscal year after you execute a Franchise Agreement, 5% prior to the end of the third fiscal year after you execute a Franchise Agreement and 6% thereafter. (Fran. Agm.

§ 7.1(c) and § 12.1.) All of any such increases above the current allowable percentage of Royalty Sales is restricted to use in connection with local areas, product and service price reductions, direct Franchisee support activities and related costs. Separate annual financial statements on the uses of funds generated by this fee are available to franchisees upon request.

Year 2005 promotion and development expenditures were approximately: local store marketing (14.0%), support and promotion (43.7%), administrative expenses (9.6%), professional fees (1.1%) and other (31.7%).

In addition to amounts we spend for your local market, and amounts we may entrust to you for local marketing, you are responsible for and must bear the cost of Local Advertising, which is generally produced by you, as may be approved within a reasonable time by Steak-Out, of at least 1% of Royalty Sales. (Fran. Agm. §§ 9.15, and 12.2.)

See Items 6, 8, and 9 for further description.

(2) Steak-Out Information System.

Use of, and support through, Steak-Out's computerized information and communications system. The portion of the Steak-Out Information System that is used in your Unit(s) must be acquired by you from Steak-Out or such third parties as we specify and must be maintained in accord with a separate Information System Agreement, the current form of which is attached at Exhibit G to the Franchise Agreement. That portion consists of both hardware, which will be owned by you, and software, which will be licensed by you.

The Store Unit portion of the Information System is used for order processing, food preparation, delivery routing, marketing and promotion, staffing, periodic reporting, financial record keeping, customer and business analysis and storage of historical business information. We may poll all information generated by the Unit on a periodic basis for use in central data analysis, in development of marketing programs, in reporting data to you, and in analysis needed to support your Unit and Steak-Out as a whole. You must purchase updates within 3 months from the time we ask you to purchase such items.

You may acquire a variety of configurations, depending on your Unit layout, expected business volume and other needs you perceive. The minimum configuration you may acquire consists of four workstations/servers, two printers, secure telephone lines and miscellaneous equipment. To protect the Steak-Out Information System, you must keep your Unit portion secure and confidential. We specify various brands of hardware from time to time, which you are required to use. The configuration of the Unit system and the software are developed by and for us, are proprietary to us and are confidential. The Developer employed by us include: Fire Fly Technologies, LLC, 2827 Northwest Cornell Road, Suite 400, Hillsborough, Oregon 97124 (866) 678-6781.

Certain customizing choices are available to you with respect to the system, and we provide ongoing advice and support to you with respect to that and other parts of the system. Particular support and maintenance is also supplied to you by hardware manufacturers and our software developers. Our services are generally supplied without cost to you, although we reserve the right to charge reasonable rates for special services. We estimate that your third party maintenance and support cost currently approximates $800.00 per year. Implementation of the Steak-Out Information System commenced in 1994.

Our information system is under continual review for improvement and simplification. We may enhance or modify parts or all of it from time to time and require you to comply with resulting specification changes. To insure integrity of the Steak-Out Information System, you are prohibited from using any other hardware or software in connection with it without prior approval.

(3) Periodic Meetings. Periodic individual or group counseling in the operation of the Franchise rendered in person, by seminar, newsletters or bulletins made available from time to time. (Fran. Agm. § 6.2.)

(4) Operations Advice. Advice about operating considerations, and new techniques or operating methods. (Fran. Agm. § 6.2.)

(5) Business Procedures Advice. Advice regarding new and improved methods of operation or business procedures, use of the Confidential Operations Manual, management materials, advertising formats and the Licensed Marks. (Fran. Agm § 6.2.) See also Item 6. The Confidential Operations Manual is the property of Steak-Out, and is confidential. It may be revised by Steak-Out from time to time, and you must make sure you have your Confidential Operations Manual up to date. You will have an opportunity and be encouraged to review the Confidential Operations Manual at our offices before your purchase of the Franchise.

(6) Participation in Franchise Wide Programs. Steak-Out will provide you the opportunity to participate in promotions and in group purchasing programs for inventory, supplies, insurance and equipment. (Fran. Agm. § 6.2.)

(7) Inspections. Steak-Out will conduct periodic announced or unannounced inspections of your Unit and of the products and services it offers. (Fran. Agm § 6.2.). Of course, you must comply with all Steak-Out standards. (Fran. Agm. § 9.7.)

Such Steak-Out obligations are set out in the Franchisee Agreement.

C. Site Selection Participation and Timing of Opening.

If you request, Steak-Out will provide assistance and advice in locating the premises at which your Unit will be located (the "Premises"), and negotiating the lease of such Premises (the "Premises Lease"). (Fran. Agm. § 6.1). However, such matters are your responsibility and our assistance is advisory only. You may pick whatever location you choose, so long as our acceptance criteria are met.

For a Unit to open, Steak-Out must have accepted the Premises and the Premises Lease or ownership terms, building plans and general contractor prior to opening (Fran. Agm. § 3.1), and all construction, furnishings, maintenance and refurbishing of each Unit. (Fran Agm. § 3.1). Steak-Out may determine whether a location is acceptable in its sole discretion, analyzing such factors as it deems appropriate.

Unless prohibited by adverse weather, acts of God, or other uncontrollable events, you must have your site selected, approved and open for business not later than 120 days after the Effective Date of your Franchise Agreement, or earlier if your lease requires. (Fran. Agm. § 9.2.) If you do not obtain Steak-Out's approval of the Premises, such that the Unit does not open on time, you are in default, and Steak-Out will have default remedies as described in Section XVI of the Franchise Agreement. (Fran. Agm. §§ 9.2, 9.3.)

Other events that may delay opening but may not be considered uncontrollable events (or other acceptable reasons for delay) include the location and condition of the Premises, construction problems, the extent remodeling or upgrading must be done to the Premises, delivery schedules for equipment and supplies, permits and zoning requirements, delays in securing financing, your completion of training, your compliance with local laws and requirements, delays in obtaining third party approvals or for other reasons that may arise.

Each proposed site is considered on an individual basis, taking into account the extent of visibility, ease of entry and exit from a site, population and demographics of the surrounding area, including the mix of commercial and residential property, income of residents and rates of homeownership.

You may execute an Initial Deposit Agreement that allows you to pay us $5,000 to reserve a territory for you to develop. If you sign an Initial Deposit Agreement (and you are not obligated to execute such an agreement), we will not sell a franchise in the territory to anyone else for a period of at least 60 days. One half of the $5,000 deposit is non-refundable, the other half is refundable if you do not execute a Franchise Agreement within 60 days. The Initial Deposit is applied to the Initial Franchise Fee.

FRANCHISOR'S TRAINING PROGRAM

Subject	**Shifts (Typical)**	**Instructional Materials**	**Hours of Classroom Training**	**Hours of on the job Training**	**Instructor**
Orientation and review of home study with tests	1	Home Study Manual	8-10	2-3	Training team leader and other training coordinators
Bag packing	4	Training Manual and Bag Video	1	12-14	Training coordinator and store personnel
Driving	3	Training Manual and Driver Video	2	6-8	Training coordinator and store personnel
Prep Work	8	Training Manual and Prep Work Video	1	25 - 30	Training coordinator and store personnel
Cook	8	Training Manual and Cook Video	2	30-36	Training coordinator and store personnel
Cook line	5	Training Manual and Cook Video	1	20-30	Training coordinator and store personnel
Management shifts (open, close, thru)	2	Criteria Checklist	7-9	16-20	Training Coordinator and store personnel
Marketing	8 - 10	Marketing and Mktg. Coordinator Manual	10-12	15-20	Director of marketing, training coordinator
Customer service/ Phones	8	Training Manual	2	20 - 25	Training coordinator
Safety and Security	On-going	COM*	3	Ongoing	Vice-President and Training coordinator

Subject	Shifts	Instructional Materials	Hours of Classroom Training	Hours of on the job Training	Instructor
Sanitation	On-going	Serve Safe Program	6	Ongoing	Trainer consultant and Training coordinator
Store Opening	On-going	COM and Store Opening Manual	3	30	Trainer consultant and Training coordinator
Maintenance	1	COM and Training Handbook	6	2	Operations Project Manager
Accounting, reporting and controls	4	Training Manual and COM	12	20	Vice President; and Training coordinator
Personnel and scheduling	2	Training Manual, Home Study and COM	2	5	Training coordinator
Training	3	Training manual and Training Handbook	6	4	Training coordinator

COM means Confidential Operations Manual

Item 12

TERRITORY

We offer three types of Agreements: (i) an Initial Deposit Agreement; (ii) a Franchise Agreement, (iii) an Area Development Agreement.

The Franchise Agreement specifies a location to operate a Steak-Out Unit (the "Premises"), and to serve by both delivery to the customer and by allowing the customer to pickup and take out food from its Premises. Catering from the Premises is also required. Delivery is restricted to a defined "Delivery Area" that is also identified in the Franchise Agreement. You have the obligation to fully serve all potential customers in the Delivery Area on a continuing basis, and your right to deliver in that area is exclusive, such that other Steak-Out Units are not authorized to deliver into it, though reasonable encroachments that do not substantially affect your business are allowed. Your Delivery Area is determined jointly between you and us at the time the Franchise Agreement is entered into, based on your ability to fully serve the area's customers consistent with our standards, road access throughout the area, and population characteristics. We require you to maintain certain levels of compliance to maintain your Delivery Area, including your full attention and commitment to enhancing your Permitted Area. No fixed minimum level of sales is required, but you are obligated to promote your business and the Steak-Out brand to the fullest practicable extent. We have the right to later increase or decrease your Delivery Area, based on our determination of shifts in area and population characteristics and on the extent to which you are fully serving the existing area. If there is a decrease, the area will be at least large enough to encompass 20,000 persons who work or live in the area unless you agree to a lower number. You may apply in writing for adjustment of your area at any time and we may grant that application in our sole discretion. All of your business must be conducted from the Premises. You may not relocate the Unit without satisfying the relocation conditions that are set forth in the Franchise Agreement.

If you reserve additional Units by entering into an Area Development Agreement, additional Delivery Areas will be assigned at the time the Area Development Agreement is entered into. The overall area in which all those Delivery Areas are contained is called the "Permitted Area." Depending on its size and characteristics, you may choose to reserve all currently possible Delivery Areas in the Permitted Area, or a smaller number. If you do not reserve all Delivery Areas in the Permitted Area, or additional Delivery Areas within the Permitted Area later become available (because of area growth or otherwise), other Steak-Out Units owned by other franchisees or the Company may be operated within the Permitted Area. You are obligated to fully develop and serve the Delivery Areas you have reserved. Accordingly, Area Development Agreements require you to develop and open your additional reserved Steak-Out Units on a fixed schedule that is agreed between you and us when that agreement is entered into. Failure to do so would cause a forfeiture of your right to operate all reserved Units that are not already in operation and no refund of your Reservation Fee is required. So long as you are in compliance with all agreements with us, neither Steak-Out nor any other party may open another Unit in any area you have reserved.

If you have made your preliminary decision to proceed after our initial discovery meeting with you, but you don't yet have financing fully in place, you may wish to take advantage of our Initial Deposit Agreement. (Exhibit C hereto). An Initial Deposit Agreement allows you to reserve an area, keep your process rolling, advise your financing sources that you have secured a position and an area, and otherwise make your arrangements for a period of 60 days before you fully execute a Franchise Agreement. Your payment under this arrangement is $5,000, all of which is credited against your subsequent Franchise Fees if you execute a Franchise Agreement within the 60 days. One half of the $5,0000 ($2,500) is refunded to you later if you decide not to proceed further, while the other half of such payment ($2,500) is retained by us.

This summary is set forth in more detail in the Franchise Agreement and the Area Development Agreement, which you should review for a fuller understanding.

We do not currently franchise or operate a business under a different trademark that sells from the same menu as Steak-Out. While we may do so in the future, we have no current plans for that kind of development.

Item 13

TRADEMARKS

Your right and obligation to use our Licensed Marks is granted under the Franchise Agreement. You may use our other current or future trademarks to identify your business as set forth in the Confidential Operations Manual. By trademark, we mean tradenames, trademarks, service marks, trade dress and logos used to identify your Unit. The following trademarks are registered on the United States Patent and Trademark Office Principal Register:

1. STEAK OUT
   August 13, 1968
   Registration No. 854,875

2. THE STEAK OUT
   November 26, 1994
   Registration No. 999,144

3. STEAKOUT TIPPY
   September 10, 1996
   Registration No. 1,998,903

4. THE STEAKHOUSE THAT DELIVERS
   December 10, 1996
   Registration No. 2,021,851

5. STEAK-OUT LIMITED – CHARBROILED TAKE OUT
   October 16, 2001
   Registration No. 2,497,524

These registrations are uncontestible. All affidavits and renewals required to be filed have been filed.

You must follow our rules when you use our Licensed Marks. You cannot use a name or mark as a part of a corporate name, or with modifying words, designs or symbols, except for those which Steak-Out licenses to you. All of your usage of the Licensed Marks and any goodwill you establish is to our exclusive benefit, and you retain no right in the Licensed Marks on termination or expiration of the Franchise Agreement. You must obtain fictitious or assumed name registrations as we require, or under applicable law. You may not use the Licensed Marks in connection with the sale of an unauthorized product or service, or in a manner not authorized by Steak-Out. No agreements exist that would significantly limit our right to use or license the use of the Licensed Marks in any manner material to the franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Steak-Out Licensed Marks. There are no currently effective material determinations of the Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of any state or any court, pending infringement, opposition or cancellation, nor any pending material litigation involving the principal trademarks.

You agree to police the use of our Licensed Marks and trade dress. You must immediately notify us when you learn about an infringement or unauthorized use of the Licensed Marks or our trade dress. We have no obligation under the Franchise Agreement to protect you against or reimburse you for any damages for which you are held liable in any proceeding arising out of your use of the Licensed Marks.

You must promptly modify or discontinue the use of any of our Licensed Marks that Steak-Out modifies or discontinues. We are not obligated to reimburse you for the cost of changing items such as signs, menus, uniforms and advertisements, or for any other loss or expense caused by such modification or discontinuance.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim copyright protection of our Confidential Operations Manual and related materials, menus, our Area Development and Franchise Agreements, and advertising and promotional materials. Although these materials have not been registered, they are considered proprietary and confidential, and are considered our property, and you may use them only as provided in the Franchise Agreement. We own no patents that are material to the franchise.

No agreements exist that significantly limit our right to use or license the use of the copyrighted materials. We do not know of any infringing uses which could materially affect your use of the copyrighted materials in any state. We are not required by the Franchise Agreement to protect or defend copyrights.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as necessary in connection with the operation of the Unit, and as we approve, you may not use for your own benefit or communicate to any other person any of our trade secrets and confidential information. You may disclose to your employees only such information and trade secrets as are necessary to operate your business, and then only while the Franchise Agreement is in effect. Those employees must agree to keep such information confidential.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate a natural person, approved by us, who owns or controls or has the right to own or control at least 20% of your equity or voting rights, who has the authority to bind you as to operating matters with respect to your Unit, and who has completed our training program to our satisfaction ("Operating Partner"). During the term of the Franchise, your Operating Partner must devote full time and best efforts to the development and operation of the Steak-Out Units. Each Steak-Out Unit must be managed by an on-site manager who has satisfactorily completed our opening training program and has signed a Confidentiality Agreement.

You must be a newly formed corporation, limited partnership or limited liability company. Each of your shareholders, members or partners ("Owners") must be a natural person, must personally guarantee your obligations under the Franchise Agreement, must agree to be bound by the non-competition provisions of the Franchise Agreement, and must be bound by the Confidentiality Agreement, which is Exhibit K to the Franchise Agreement. At least one Owner must own 51% of your equity or voting rights.

You and your Owners must devote your sole and exclusive business time, effort and resources to the operation of your franchise business, except as specifically waived by us from time to time.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only those products that we approve or specify, and must make all menu items available for carry-out and delivery service from your Unit. You may not offer for sale any products that we have not approved. We have the right to change the type of authorized products from time to time, and there are no limits on our right to do so. You are required to operate the Unit in accordance with our methods, standards and specifications, and you cannot operate any other business or activity from the Unit.

We do not place restrictions on your ability to serve customers, provided you do so from the location of the Unit in accordance with our standards. See Item 12 concerning certain restrictions on your Delivery Area.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the exhibits attached to this offering circular.

Provision	**Section in Franchise Agreement**	**Summary**
a. Term of the Franchise	Section 2.1	10 years generally
b. Renewal or extension of the term	Section 2.2	10 year renewal, assuming you meet stated renewal requirements
c. Requirements for you to renew or extend	Section 2.2	Written notice to us; compliance with provisions of all agreements you have with us; approved new lease for premises; payment of Renewal Fee; execute new Agreement; and refurbish Unit
d. Termination by you	Section 16.2	Through legal process after our breach and with 90 days right to cure
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 16.1	We can terminate only if you default
g. "Cause" defined-defaults which can be cured	Section 16.1	Defaults can be cured within: 15 days for non-compliance with law or regulation; time allowed by third party for a default under agreement covering Premises; time allowed by us for a default under any other agreement; violation of mandatory standard or health, safety or sanitation law after 72 hours notice; 10 days for failure to obtain required insurance.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined - defaults which cannot be cured without our further agreement	Section 16.1	Non-curable defaults: Failure to pay amounts when due; underreport royalty sales by any amount; failure to commence and maintain operations; material false statement or report; failure to comply with agreements, including Confidentiality provisions; conviction of Franchisee, Operating Partner or any Owner of felony, crime of moral turpitude, or other crime related to the Unit; conduct that adversely affects reputation of Unit, goodwill or Licensed Marks; assignment for benefit of creditors; bankruptcy; abandonment; cessation of operations; default in lease or other agreement where there is no cure period in such agreement; engaging in litigation adverse to Steak-Out or any Franchisee; 2 or more notices to cure the same or similar violations in any 12 month period, or 6 or more notices to cure a default during the term of the Franchise Agreement; failure to pay supplier; failure of Franchisee, Operating Partner or Designated Managers to complete training; breach of any confidentiality covenant.
i. Your obligations on termination/non-renewal	Section 9.6, Section 17	Cease to operate franchise business, pay outstanding amounts and damages due; return Confidential Operations Manual, confidential information and Unit records; assign telephone numbers and listings, business licenses and name registrations; cease to use Licensed Marks and procedures; assign lease or de-identify premises; comply with covenants (see "r" below)
j. Assignment of contract by us	Section 15.1	No restriction on our right to assign

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by you - definition	Section 15.2	Includes pledge, gift, sale or any transfer of any interest in agreement, Unit, assets, lease or you
l. Our approval of transfer by you	Section 15.2 and 15.3	We have right to disapprove transfers
m. Conditions for our approval of transfer	Section 15.3	Transferee qualifies; transferee executes Franchise Agreement; pay transfer fee; compliance with all agreements; all obligations paid in full; transferee not publicly held; you have given transferee Offering Circular; you execute general release; transferee agrees to meet all obligations; security interest subordinate to our interest; you comply with non-competition covenants, see "r" below.
n. Our right of first refusal to acquire your business	Section 15.6	We have right to match any offer
o. Our option to purchase your business	Section 17.2	Upon termination we have the right to purchase your assets and to assume the lease or leases for your Unit(s).
p. Your death or disability	Section 15.5	Franchise must be assigned to approved transferee within 6 months
q. Non-competition covenants during the term of the franchise	Section 14.1	No participation in a Competitive Business
r. Non-competition covenants after the franchise is terminated or expires	Section 14.4	No participation in a Competitive Business for 3 years within 25 miles of Unit or 25 miles of any Steak-Out Unit
s. Modification of the Agreement	Section 22.1	No modification generally, but Confidential Operations Manual is subject to change
t. Integration/merger clause	Section 22.2	Only the terms of the Franchise Agreement and other agreements are binding (subject to state law); no other promises are enforceable
u. Dispute resolution by arbitration or mediation	Section 21.2	Steak-Out may choose to submit disputes to binding arbitration.

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section 21.2	Litigation and arbitration must be in Atlanta and/or Fulton, DeKalb, or Gwinnett Counties, Georgia or their federal courts.
w. Choice of law	Section 21.2	The Franchise Agreement is governed under Georgia law, except for covenants not to compete, which are governed by the law of the state in which such covenant will be enforced.

Court decisions in various states may also affect the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. The jurisdiction, venue and governing law could affect your rights.

This table lists certain important provisions of the Area Development Agreement and Initial Deposit Agreement. You should read these provisions in the agreements attached to this offering circular.

Provision	Section in Development Agreement ("ADA") and Initial Deposit Agreement ("IDA")	Summary
a. Term of ADA/IDA	§ 4 of ADA; § 1 of IDA	The ADA time is as specified in Development Schedule. The time is typically 2 - 4 years, but can vary. The term of the IDA is 60 days
b. Renewal or extension of the term	None	N/A
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	§ 11 of ADA; § 3 of IDA	We can terminate your ADA if you default; We can terminate the IDA if you stop trying to develop a Unit

Provision	Section in Development Agreement ("ADA") and Initial Deposit Agreement ("IDA")	Summary
g. "Cause" defined - defaults which can be cured	§ 11 of ADA; None in IDA	Default in ADA can be cured within 5 days for failure to pay;
h. "Cause" defined defaults which cannot be cured without further agreement	§ 11 of ADA; § 3 of IDA	Non-curable defaults in ADA: Insolvency; bankruptcy, etc; failure to comply with Development Agreement including Development Schedule; failure to act in good faith; failure to comply with other agreements; material misrepresentation or omission in application; conviction of felony, crime of moral turpitude, or other crime which adversely affects the system, Licensed Marks or goodwill; unauthorized assignment. Non-curable default in IDA is failing to attempt to develop a Unit
i. Your obligations on termination/non-renewal	§ 11 of ADA; § 3(b) of IDA	No further right to develop
j. Assignment of contract by us	§12(a)of ADA; § 4(b) of IDA	No restriction on our right to assign
k. "Transfer" by you - definition	§§12(b) and (c) of ADA; § 4 (b) of IDA	Includes pledge, gift, sale or any transfer of any interest in Agreement or you
l. Our approval of transfer by you	§12(c)of ADA; N/A in IDA	We have right to disapprove all transfers
m. Conditions for our approval of transfer	§12(b)of ADA; N/A in IDA	Steak-Out's sole discretion.
n. Our right of first refusal to acquire your business	None	N/A
o. Our option to purchase your business	None	N/A
p. Death or disability of 20% Owner or Operating Partner, or dissolution of franchisee	§12(c)of ADA; N/A in IDA	ADA must be assigned to approved transferee within 9 months

Provision	Section in Development Agreement ("ADA") and Initial Deposit Agreement ("IDA")	Summary
q. Non-competition covenants during the term of the franchise	None	N/A
r. Non-competition covenants after the franchise is terminated or expires	None	N/A
s. Modification of the Agreement	§§ 9 and 22.1 of Franchise Agreement; § 4(d) of IDA	No modification generally
t. Integration/merger Clause	§§ 9 and 22.2 of Franchise Agreement; § 4 (d) of IDA	Only the terms of the written agreements are binding (subject to state law); no other promises are enforceable
u. Dispute resolution by arbitration or mediation	§§ 9 and 21.2 of Franchise Agreement; § 4(c) of IDA	Steak-Out may choose to submit disputes to binding arbitration.
v. Choice of forum	§§ 9 and 21.2 of Franchise Agreement; § 4(c) of IDA	Litigation and arbitration must be in Atlanta and/or Fulton, DeKalb, or Gwinnett Counties, Georgia or their federal courts.
w. Choice of law	§§ 9 and 21.2 of Franchise Agreement; § 4 (c) of IDA	The Initial Deposit Agreement and Area Development Agreement are governed under Georgia law.

*Court decisions in various states may also affect the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. The jurisdiction, venue and governing law could affect your rights.

These states have statutes which may govern parts of the Area Development Agreement and Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise:

ARKANSAS [Ark. Code Ann. §§ 4-72-201-210]
CALIFORNIA [Bus. & Prof. Code § 20,000-20,043]
CONNECTICUT [Conn. Gen. Stat. Ann. § 42-133(e) et seq.]
DELAWARE [Del. Code Ann., tit. 6 § 2551 - 2556 (1999)]
HAWAII [Hi. Rev. Stat. Chap 482E-1 et seq.]
ILLINOIS [815 ILCS 705/1 to 705/44]
INDIANA [Ind. Code § 23-2-2.7 et seq. (1999)]
IOWA [Iowa Code Ann. §§ 523 H.1 to .17 (West 1998)]
MICHIGAN [M.C.L.A. (Michigan Compiled Laws Annotated) §§ 445.1501 to .1527 (Supp. 2000)]
MINNESOTA [Minn. Stat. Ann. § 80 C.01 - .14(West 1999)]
MISSISSIPPI [Miss. Code Ann. § 75-24-51 et seq. (1999)]
MISSOURI [Mo. Ann. Stat. §§ 407.400 et seq.]
NEBRASKA [Neb. Rev. Stat. § 87-401- 87-410 (Supp. 1999)]
NEW JERSEY [N.J.Stat. Ann. § 56:10-1 et seq. (1999)]
SOUTH DAKOTA [Codified Laws Section 37-5A-51]
VIRGINIA [Va. Code {13.1-557 to -574 (1999)]
WASHINGTON [Wash. Rev. Code §§ 19.100.010 et seq. (1999)]
WISCONSIN [Wis. Stat. Ann. §§ 135.01 to .07 (West 1999 & Supp. 2000)]

Provisions in the Franchise Agreement and the Area Development Agreement which provide for termination upon your bankruptcy may not be enforceable under Title 11 USC § 101 et. seq.

Agents for service of process are listed in Exhibit D hereto.

ITEM 18

PUBLIC FIGURES

We do not currently use a public figure to promote our franchise.

ITEM 19

EARNINGS CLAIMS

We make no earnings claims. The historical information listed in the two charts below is supplied by our franchisees. The information in the first chart was reported to us by Franchisees for the 51 Steak-Out Units that were open for the entire fifty-two (52) week period from January 3, 2005 to January 1, 2006, and the information in the second chart was reported to us by the Franchisees for the 51 Steak-Out Units that were open for the entire period and prior year, and from January 2, 2006 to March 26, 2006.

As used in the following chart: "Net Sales" are defined as gross sales; "Food Cost" includes the cost of food sold, packaging; and "Labor Cost" are all salaries and hourly unit labor (exclusive of payroll taxes, workers' compensation, insurance); and the "percentage" relates to net sales.

January 3, 2005 - January 1, 2006
(All Units open one year or more)

CATEGORY	TOTAL UNITS	HIGHEST UNIT*	LOWEST UNIT
Average Weekly Net Sales	$12,896.00	$26,205.00	$4,474.00
Average Weekly Carry-Out%	20.70%	49.61 %	10.49 %
Average Weekly Daytime %	37.44%	53.53%	21.28 %
Average Weekly Food and Labor Cost %	Food 35.59 % Labor 27.66 %	Food 43.55 % Labor 60.82 %	Food 30.81 % Labor 16.13 %

January 3, 2005 - January 1, 2006
(For Units open two years or more)

CATEGORY	TOTAL UNITS	HIGHEST UNIT*	LOWEST UNIT
Average Weekly Net Sales	$13,605.00	$26,205.00	$7,400.00
Average Weekly Carry-Out%	20.48%	49.61 %	10.49 %
Average Weekly Daytime %	37.39%	53.53%	24.07 %
Average Weekly Food and Labor Cost %	Food 35.69 % Labor 27.12 %	Food 43.55 % Labor 41.06 %	Food 30.81 % Labor 16.13 %

January 2, 2006 - March 26, 2006
(All Units open one year or more)

CATEGORY	TOTAL UNITS	HIGHEST UNIT*	LOWEST UNIT
Average Weekly Net Sales	$13,679.00	$29,343.00	$3,074.00
Average Weekly Carry-Out%	20.81%	48.26 %	10.62%
Average Weekly Daytime %	36.74%	52.47%	19.85 %
Average Weekly Food and Labor Cost %	Food 34.95 % Labor 26.47 %	Food 40.59 % Labor 62.49 %	Food 29.55 % Labor 14.58 %

*The highest unit/lowest unit columns in each category do not represent one Unit, but the highest and lowest Unit for each category from the Units open the entire year.

The average time in operation of the Steak-Out Units included in the foregoing information is approximately 11.3 years. We emphasize that, while the above information represents actual sales and costs figures for the period noted as reported to us, the results are, to a large extent, determined by the quality of the management of the units. Among the determinant factors are the energy and dedication of the franchisees, your willingness to participate in our ongoing programs, and the quality of the franchisees' food and service. For you to assume that you will achieve similar results, you must realize that similar dedication to managing the Unit is required.

All Steak-Out Units offer substantially the same products and services to the public. None of the franchised Steak-Out Units have customarily received services not generally available to other franchises and substantially the same services will be offered to you.

We do not provide you with projections or with forecasts of probable sales, profits or earnings you may achieve, and we do not assure you that you will attain results at the same levels as those in existing franchises.

YOU ARE URGED TO CONSULT WITH APPROPRIATE FINANCIAL, BUSINESS AND LEGAL ADVISORS IN CONNECTION WITH THE HISTORICAL INFORMATION. SUBSTANTIATION OF THE DATA USED IN PREPARING THIS ITEM 19 WILL BE MADE AVAILABLE TO YOU ON REASONABLE REQUEST.

Item 20
LIST OF OUTLETS
Franchised Unit Status Summary
For Years 2005/2004/2003

State	Transfers	Canceled or Terminated	Not Renewed	Reacquire by Steak-Out	Left the System/ other	Total From left Columns	Units Operating at Year End
Alabama	0/3/2	0/0/1	0/0/0	0/0/0	0/0/0	0/3/3	20/18/17
Arkansas	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/1/1
Florida	0/0/2	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	5/4/4
Georgia	1/0/0	1/0/1	1/0/0	0/0/0	0/0/0	3/0/1	4/6/6
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Indiana	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	1/1/1
Kentucky	1/0/1	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0	1/1/1
Louisiana	0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	1/1/1
Mississippi	0/1/1	0/1/0	1/1/0	0/0/0	0/0/0	1/3/1	5/6/8
Missouri	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	8/3/1
New York	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
N Carolina	0/1/0	1/0/0	0/0/0	0/0/2	0/0/0	1/1/2	6/7/6
S Carolina	2/2/0	0/0/1	0/0/0	0/0/1	0/0/0	2/2/0	8/6/6
S. Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Tennessee	1/4/1	0/1/0	0/0/0	0/0/0	0/0/0	1/5/1	6/6/7
Texas	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	1/0/0	0/1/1
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/1/0
Virginia	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	0/1/1
TOTALS	**6/12/6**	**3/4/2**	**2/1/0/1**	**0/0/2**	**0/0/0**	**11/17/10**	**73/67/65**

STATUS OF COMPANY-OWNED UNITS
FOR YEARS 2005/2004/2003

STATE	UNITS CLOSED	UNITS OPENED	TOTAL UNITS
Georgia	0/0/1	0/0/0	0/0/0
N. Carolina	0/0/0	0/0/2	2/2/2
S. Carolina	0/0/0	0/0/0	1/1/1
TOTALS:	0/1/1	0/0/2	3/3/3

PROJECTED OPENINGS
AS OF APRIL 1, 2006

STATE	FRANCHISE AGREEMENTS SIGNED BUT UNIT NOT OPEN	PROJECTED FRANCHISED NEW UNITS IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR
Alabama	1	0	0
Florida	2	3	0
Georgia	1	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	1	0
Mississippi	0	0	0
Missouri	0	0	0
Nebraska	0	2	0
New Jersey	0	2	0
New York	0	0	0
North Carolina	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Utah	0	1	0
Virginia	0	2	0
TOTALS:	**4**	**11**	**0**

The name and last known address and telephone number of franchisees who have closed a Unit and continued to operate Units, franchisees who are no longer affiliated with Steak-Out, and franchisees who transferred ownership of a Unit during Steak-Out's fiscal year ended January 1, 2006, or with whom we have not communicated with in the 10 weeks prior to the date hereof, are listed on Exhibit F. The names and addresses of the existing Steak-Out Units and Area Directors are attached as Exhibit G.

Item 21

FINANCIAL STATEMENTS

Attached hereto as Exhibit H are the financial statements of Steak-Out, containing (i) unaudited current statements dated as of a recent period when such are required, (ii) audited financial statements dated March 28, 2006 for the year ended January 1, 2006,(iii) audited financial statements dated March 21, 2005 for the year ended January 2, 2005; and (iv) audited financial statements dated February 16, 2004 for the year ended December 28, 2003.

Item 22

CONTRACTS

The following contracts are attached hereto:

Exhibit A - Form of Franchise Agreement, with exhibits

- Guaranty Agreement
- Information Systems Agreement
- Bank Authorization
- Collateral Assignment of Lease
- Confidentiality Agreement
- Assignment of Telephone Numbers and Listings

Exhibit B - Form of Area Development Agreement.

Exhibit C - Form of Initial Deposit Agreement

Item 23

RECEIPT

The Receipt (2 copies) is a separate, detachable document found on the page following the Exhibits.

ADDENDUM TO STEAK-OUT FRANCHISING, INC.
UNIFORM FRANCHISE OFFERING CIRCULAR
FOR THE STATE OF CALIFORNIA

FOR RESIDENTS OF THE STATE OF CALIFORNIA:

So long as California law so requires, the following are considered part of Steak-Out's Franchise Offering Circular:

1. 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.

2. Item 2 of the Uniform Franchise Offering Circular is amended as follows:

We may also use a brokers affiliated with an affiliation of franchise brokers known as FranNet to present to you information about Steak-Out. These brokers are not our employees, but they may provide information to you about Steak-Out. Information relating to such brokers is provided in Exhibit C hereto.

3. Item 3 of the Uniform Franchise Offering Circular is amended by the following:

"Neither Steak-Out nor any person listed in Item 2 of this Franchise Offering Circular 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. § 78a et. seq. , suspending or expelling such persons from membership in such association or exchange."

4. Item 11 of the Uniform Franchise Offering Circular is amended by adding the attached Table of Contents of Steak-Out's Confidential Operations Manual.

5. Item 17 of the Uniform Franchise Offering Circular is amended by the following:

"California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control."

"The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)."

"The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law."

"The franchise agreement contains a liquidated damages clause. Under California

Civil Code Section 1671, certain liquidated damages clauses are unenforceable."

"The franchise agreement requires, at Steak-Out's option, binding arbitration to take place in Atlanta, Georgia with the costs assigned according to the rules of the American Arbitration Association (or other arbitration group). This provision may not be enforceable under California law."

"The franchise agreement requires application of the laws of the State of Georgia. This provision may not be enforceable under California law."

" Section 31125 of the California Corporations Code requires the Franchisor to give Franchisee a disclosure document, in a form and containing such information as the Commissioner may be rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

"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."

"You must sign a general release if you renew or transfer your franchise. Under certain circumstances California Corporations Code 31512 voids a waiver of the rights you may have under the Franchise Investment Law (California Corporations Code 31000 - 31516). Under certain circumstances the Business Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act. (Business and Professions Code 20000 - 20043)."

6. Item 19 of the Uniform Offering Circular is amended as follows:

The first paragraph shall read:

We make no promises as to what you may earn from any Unit you may operate. As stated herein, there are numerous factors that affect the results of any Unit and there is no assurance as to how your Unit will perform. The historical information listed below is supplied by our franchisees.