

FRANCHISE DISCLOSURE DOCUMENT

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DEPT OF CORPORATIONS
SAN FRANCISCO

The Original Pancake House Franchising, Inc.
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The Original Pancake House operates a restaurant. The total investment necessary to begin operation of a The Original Pancake House® franchise is from \$372,500.00 to \$966,250.00. (This estimate does not include real estate and improvement costs) This includes \$60,000.00 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "Buying a Franchise, A Consumer's Guide", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issued: March 20, 2012

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit D for information about the Franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN OREGON. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN OREGON THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT OREGON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date:

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ADDENDUM TO DISCLOSURE DOCUMENT

Exhibits

- A. Franchise Agreement
- B. Option Agreement
- C. Audited Financial Statements
- D. List of State Administrators
- D. Table of Contents of Training Manuals
- D. General Release
- D. OPHF Confidentiality and Non-Competition Agreement for Franchisee shareholders and franchisee employee
- H. OPHF Owner's Guarantee for Franchisee Shareholders

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language this disclosure document uses "we" or "us" or "OPHF" to mean The Original Pancake House Franchising, Inc., the franchisor. "You" means the individual, corporation, or other entity that buys a The Original Pancake House franchise.

Franchisor, Parent, and Affiliates

We conduct business under the name The Original Pancake House. Our principal address is 8601 S.W. 24th Avenue, Portland, Oregon 97219. We are an Oregon Corporation that was incorporated on February 26, 1991. We do not conduct business under any other name.

Agent for Service of Process

Our agent for service of process is Corporations Commission, State of Oregon, Commerce Building, Salem, Oregon 97310.

Prior Experience

We have been franchising businesses of the type to be operated by you since our formation. We grant franchises to own and operate a The Original Pancake House® Restaurant at a specific location, specializing in pancakes, waffles, omelets and similar food products and related services for consumer consumption on the restaurant premises and for take out. In some cases we also grant franchisees who enter into multiple franchises the exclusive option to enter into additional franchises to own and operate The Original Pancake House® Restaurants in a specific area. We do not currently operate a business of the type to be franchised, and have never conducted a business of the type to be operated by the franchisee, but are affiliated with The Original Pancake House Restaurant, Inc., which has not offered and does not offer franchises, but which operates a restaurant at the same principal address as us. We, and our affiliate, and predecessors have been involved in this business for 59 years and have not offered franchises in any other line of business, or engaged in any other business activities.

The Business We Offer

A Restaurant offers a variety of food products and services for sale to the general public for consumption on the Restaurant's premises and for takeout. You will have to compete with other full-service and carry-out pancake, waffle, omelet and breakfast restaurants, some of which are national or regional chains. You also will have to compete with other restaurants, diners and fast food outlets offering similar types of food products in this broadly developed market.

Applicable Regulations

The restaurant industry is governed by health laws and regulations concerning the preparation, storage and service of food products. You should investigate the matter further.

Item 2

BUSINESS EXPERIENCE

Ronald T. Hight - President and Director

Mr. Hight has been our President and a Director since our inception in 1991, and was a partner of our predecessors. He commenced his work in the kitchen of The Original Pancake House Restaurant in Portland, Oregon in 1955, learning the preparation of food, and has worked in all areas of the business. He presently manages all phases of our business.

Elinor G. Hight - Vice President and Director

Mrs. Hight has been our Vice President and a Director since January 20, 1996. She presently assists in the management of our business.

Elizabeth K. Hight - Associate Counsel, Business Manager, Secretary & Treasurer

Ms. Hight is our associate counsel and Business Manager and Secretary & Treasurer. She has assisted in management of all phases of our business since October of 1994.

Jonathan W. Liss - General Counsel

Jonathan W. Liss has been our general counsel since 1997. He assists in all aspects of the business.

Item 3

LITIGATION

Prior Actions

On March 4, 2011 COMPANY filed case no. 11-CH-8497, THE ORIGINAL PANCAKE HOUSE FRANCHISING, INC., Plaintiff, v. #16 ZIMMIES, INC., STEPHEN D. PACHMAYER, JR., and CAROLYN A. PACHMAYER in the Circuit Cook Court of Cook County, Illinois, seeking payment for past due royalties, product shipments, interest, attorney fees and costs, from the Franchisee, and individually under the personal guarantees that had been executed by the Franchisee's owners. The case was resolved by the parties upon payment to COMPANY from the Franchisee for the amounts due, and was dismissed by COMPANY on August 31, 2011.

No other litigation is required to be disclosed in this disclosure document.

Item 4

BANKRUPTCY

None.

Item 5

INITIAL FEES

All OPH franchisees pay a \$60,000.00 lump sum when they sign the franchise agreement. If an option agreement is entered into, you may be required to initially enter into multiple franchise agreements to secure the option for additional franchises. No refunds are available under any circumstances.

Item 6

OTHER FEES

Type	Amount	Due	Date	Remarks
Royalty ^{1/}		2% of total gross sales	Payable monthly on the 10th day of the next month	Gross sales include all revenue from the franchise location. Gross sales does not include sales tax or use tax
Stabilizer Base ^{1/}		\$50.06 for 50 lbs. plus actual shipping costs	30 days after billing	Necessary ingredient for operation, price will increase over time
Operating ^{1/} assistance		see note 2	30 days after billing	Applies to extraordinary assistance, or need due to your failure to follow system standards, or at your request
Advertising ¹		maximum 2% of total gross sales	same as Royalty fee	No advertising is currently undertaken (See Item 11)

Type	Amount	Due Date	Remarks
Transfer Fee ^{1/}	\$2,500	Prior to or at time of approval	Applies to transfers of a controlling interest
Additional ^{1/} Training at OPHF designated facility	no current fee/any fee must be reasonable	30 days after billing	Applies to new managers or refresher training - no such charges currently imposed
Testing Fee ^{1/}	OPHF's Actual costs	30 days after billing	Applies to franchisee request to change regulated products, no such charges currently imposed
Manuals ^{1/}	OPHF's Actual costs	30 days after billing	Applies to replacement of lost, damaged or destroyed manuals, no such charges currently imposed
Relocation Fee ^{1/}	OPHF's Actual costs	Prior to or at time of approval	Applies if you are allowed to relocate the Restaurant
Audits ^{1/}	OPHF's Actual costs	30 days after billing	Applies only if audit shows an understatement of at least 2% of gross sales for any month
Penalty on late Payments ¹	5% of late payment	NA	Applies to all payments 60 days or more overdue
Interest on late Payments ^{1/}	lesser of legal limit or 1 1/2 % per month	NA	Applies to all overdue payments to OPHF as of the date of the underpayment
Indemni- fication ^{1/}	OPHF's Actual costs	As incurred by OPHF	Applies to actions against OPHF because of your Restaurant operation
Costs and Attorney Fees ^{1/}	OPHF's Actual costs and fees	NA	Payable if OPHF needs to enforce payment provisions against you
Liquidated Damages ^{1/}	5% of gross receipts	NA	Applies only if you compete wrongfully

1/ All fees are payable to us, and are imposed uniformly on all franchisees, except that there are some franchisees whose older agreements do not require payment of one or more of the following: advertising fees, attorney fees, interest on late payments, and part or all of the transfer fee. All fees are non-refundable, except unused Advertising fees.

2/ Charges for operational assistance, in addition to the actual cost of transportation, lodging, and food, are \$25.00/hour and \$37.50/hour for overtime, plus a daily charge of \$150.00, for a chef/manager, and \$10.00/hour and \$15.00/hour for overtime, plus a daily charge of \$250.00, for a server. These charges will increase over time.

Item 7

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$60,000	Lump Sum	At Signing of Franchise Agreement	OPHF
Travel And Living Expenses While Training (Note 2)	\$7,000 to \$25,000	As Incurred	As Incurred	Airlines, Hotels, Motels, Restaurants
Real Estate And Improvements	(Note 3)	(Note 3)	(Note 3)	(Note 3)
Furniture, Fixtures And Equipment (Note 4)	\$190,500 to \$500,000	As Incurred	As Incurred	Suppliers
Decor (Note 4)	\$15,000 to \$80,500	As Incurred	As Incurred	Suppliers
Signs	\$8,000 to \$30,250	As Incurred	As Incurred	Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Opening Inventory, Smallwares And Supplies (Note 5)	\$19,500 to \$45,500	As Incurred	As Incurred	Suppliers
Miscellaneous Opening Expenses (Note 6)	\$20,000 to \$100,000	As Incurred	As Incurred	Third Parties
Additional funds- 6 months (Note 7)	\$52,500 to \$125,000	As Incurred	As incurred	Third Parties

Total (Note 8)	\$372,500 to \$966,250	(Does not include real estate and improvement costs)		

Notes to Item 7

(1) We do not offer you financing, directly or indirectly, for any part of the fee, or your initial investment. You may not use your franchise or any assets of the Restaurant to secure a loan, without our prior written approval.

(2) We offer training for up to four people, including you. Your cost will vary depending upon how many individuals you have trained, and the salary you may pay them during training, and their travel, hotel/motel and food costs.

(3) Typically, a Restaurant will be approximately 3,500 to 4,000 square feet, with 110-120 seats. Costs will vary significantly depending on whether you are building your own premises, or are leasing, whether there is an existing restaurant facility to be converted to a Restaurant, or a non-restaurant facility requiring conversion, the property owner/landlord participation in build-out of the premises, the extent of conversion required, and your choices on the extent of the build-out (\$110,000 to \$700,000). The difference between low and high range is also attributable to various factors including size, configuration and condition of the premises, construction, labor and installation costs, geographic location, price differences between various suppliers and contractors and shipping distance from suppliers. If you lease the premises, monthly rent is estimated to be between \$6,250 and \$15,000. The difference between low and high range is attributable to various factors including size, condition and location of the premises, and the demand for the site and premises among prospective lessees.

We do not estimate the cost of your buying land and/or constructing your own building for the Restaurant. The land would have to be situated on a well traveled thoroughfare, and be of sufficient size to have not less than fifty (50) parking spaces, and a structure of approximately 3,500 to 4,000 square feet.

(4) Typically, a Restaurant will be approximately 3,500 to 4,000 square feet. The difference between the low and high range is attributable to various factor including size, configuration and condition of the premises, installation costs, geographic location, quality of furniture, fixtures and equipment you select, price differences between various suppliers and shipping distances from suppliers, and style of decor chosen.

(5) The difference between the low and high range is attributable to the size of the Restaurant and price differences between various suppliers and shipping distances from suppliers.

(6) These expenses include estimated payroll costs before opening, which will vary greatly depending on the number of employees you train, and the length of training before opening. These expenses also cover such miscellaneous costs and expenses as installation of telephones and hook up charges for gas, electricity and related items, legal and accounting expenses, yearly insurance premiums as well as other initial opening costs.

(7) This estimates your need for additional working capital for expenses for the first six months of operation. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business, or that you will not need additional working capital for a period of greater than six (6) months. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the site and premises of the Restaurant and the time of year during which the Restaurant is opened; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period. We relied on its experience in the restaurant business, and information from franchisees to estimate the amount of additional funds required.

(8) We relied on our experience in the restaurant business, and information provided by franchisees, to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. These payments are non-refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required purchases

You must use our Stabilizer Base, purchased from us, which is produced according to our proprietary formula, in products sold by the Restaurant in the manner prescribed by us. Specifications and standards are modified based on our experience with the product, and the experience of our affiliate, The Original Pancake House Restaurant, Inc., and changes in manufacturer's products.

Required and approved suppliers

You must purchase certain equipment, signs, food products, materials and supplies according to specifications established by us and contained in the Operating Manuals. We do specify certain equipment, signs, brand name food products, materials and supplies as required, and approves some others, but except for the stabilizer base, we do not currently specify suppliers or receive any benefit from your purchases. Your purchases of the specified items from us (stabilizer base) will represent only a negligible percentage (less than 1%) of your total purchases in connection with the establishment of your store.

We do not provide you any additional benefit for use of any specific suppliers. We do not negotiate purchase arrangements with suppliers, but do discuss quality and price terms with some suppliers for the benefit of franchisees and The Original Pancake House Restaurant, Inc.

Approval of alternate suppliers

If you propose to use any brands, types, or models of fixtures, furnishings, equipment, signs, food products, materials and supplies which are regulated under the System Standards and which we have not previously approved, you must submit a written request to us for approval of such item and must submit a sample of it to us for examination and testing before use in the Restaurant. We can charge a reasonable inspection and supervision fee to cover the costs it incurs in determining whether such items meet the System Standards.^{1/}

Revenue from franchisee purchases

In the year ending December 31, 2011, our revenue from the sale of stabilizer to franchisees was \$352,543 or 10.47 percent of its total revenue of \$3,691,811.

Cooperatives

We do not have any purchasing or distribution cooperatives

^{1/} We have a current policy of not charging for any inspection of items which are a proposed deviation from specifications.

ITEM 9

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU TO FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

FRANCHISE AGREEMENT

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
a. Site selection and acquisition/ lease	Section 2.A. of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Section 2.B., 2.C. of Franchise Agreement	Items 6, 7, & 8
c. Site development and other pre-opening requirements	Sections 2, 3.A., 5.A., 6, 9, & 11 of Franchise Agreement	Items 7, 8 & 11
d. Initial and ongoing training	Section 3 of Franchise Agreement	Items 6 & 11
e. Opening	Section 2.D. of Franchise Agreement	Item 11
f. Fees	Section 5 of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections 6, 8, 9 & 10 of Franchise Agreement	Item 11

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
h. Trademarks and Proprietary information	Section 4, 6 & 9 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/ services offered	Sections 2.C. & 8 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 10 of Franchise Agreement	Item 11
k. Territorial development and sales quota	Section 1.B. of Franchise Agreement	Item 12
l. Ongoing product/ service purchases	Sections 3.B. & 9 of Franchise Agreement	Item 6, 8 & 11
m. Maintenance appearance and remodeling requirements	Sections 2, 8 & 15 of Franchise Agreement	Item 11
n. Insurance	Sections 2.D.4., 8.0 & 17.E. of Franchise Agreement	Item 7
o. Advertising	Section 11 of Franchise Agreement	Items 6 & 11
p. Indemnification	Section 18 of Franchise Agreement	Item 6
q. Owner's participation/ management/ staffing	Sections 1.B. 3 & 8 of Franchise Agreement	Items 11 & 15

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
r. Records/reports	Sections 8 & 12 of Franchise Agreement	Item 6
s. Inspections/Audits	Section 13 of Franchise Agreement	Item 6
t. Transfer	Section 14 of Franchise Agreement	Item 17
u. Renewal	Section 15 of Franchise Agreement	Item 17
v. Post-termination obligations	Section 17 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 7, 14 C.(9) & 17 of Franchise Agreement	Item 17
x. Dispute Resolution	Section 19 of Franchise Agreement	Item 17

OPTION AGREEMENT

The Option is to enter into the then-current form of franchise agreement, which will control the obligations for each unit.

<u>Obligation</u>	<u>Section in Option Agreement</u>	<u>Item in Disclosure Document</u>
a. Site selection and acquisition/ lease	NONE	Item 11
b. Pre-opening purchases/leases	NONE	NONE

<u>Obligation</u>	<u>Section in Option Agreement</u>	<u>Item in Disclosure Document</u>
c. Site development and other pre-opening requirements	NONE	NONE
d. Initial and ongoing training	NONE	NONE
e. Opening	NONE	NONE
f. Fees	NONE	NONE
g. Compliance with standards and policies/Operating Manual	NONE	NONE
h. Trademarks and Proprietary information	NONE	NONE
i. Restrictions on products/ services offered	NONE	NONE
j. Warranty and customer service requirements	NONE	NONE
k. Territorial development and sales quota	Sections 3.a & 4 of Option Agreement	Item 12
l. Ongoing product/ service purchases	NONE	NONE
m. Maintenance appearance and remodeling requirements	NONE	NONE
n. Insurance	NONE	NONE
o. Advertising	NONE	NONE

<u>Obligation</u>	<u>Section in Option Agreement</u>	<u>Item in Disclosure Document</u>
p. Indemnification	NONE	NONE
q. Owner's participation/ management/ staffing	Section 3.d. of Option Agreement	Item 15
r. Records/reports	NONE	NONE
s. Inspections/Audits	NONE	NONE
t. Transfer	Section 9 of Option Agreement	Item 17
u. Renewal	NONE	NONE
v. Post-termination obligations	NONE	NONE
w. Non-competition covenants	NONE	NONE
x. Dispute Resolution	Section 12 of Option Agreement	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing, or arrange financing from other sources. We do not guarantee your note, lease or obligation to third parties. You may not use your option, franchise, or any assets of the Restaurant to secure a loan without our prior written approval.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, OPHF is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Restaurant we will:

1. Approve a site located by you. Your site should be approximately 4,000 square feet, have should have a population of at least 100,000, living in households with a minimum income of \$50,000, within a 5 mile radius, and a minimum of 50 parking spaces. We will approve or disapprove your proposed site within 60 days after we receive notice of a request for approval of the location, and will take into consideration factors including location and visibility, physical characteristics of existing buildings, traffic patterns, lease terms, and available parking. You must provide us with any reasonably requested information concerning the site. We do not generally own the premises and lease it to franchisees. (Franchise Agreement, Section 2.A)

2. Designate your exclusive area, which will contain not less than 100,000 people, with a \$50,000 minimum income per household. (Franchise Agreement, Section 1.B.) Any adjoining exclusive area would share the customer base. A nearby exclusive area may share the customer base.

You propose a site for a Restaurant, subject to our approval. Factors which we consider in approving sites are demographics, including local population density and household income, general location, traffic patterns, parking availability, size of premises, lease terms, and physical characteristics of existing buildings. If you have entered into a franchise agreement for which a location has not been approved, and we cannot agree on a location for that franchise, your initial franchise fee will not be refunded to you by us. The limits of your exclusive area for a specific franchise will be based on the location of an approved site.

We estimate that typically there will be an interval of approximately six (6) to ten (10) months between the signing of the Franchise Agreement and the opening of a Restaurant, or if no site has been approved at the time the Franchise Agreement is signed, then between the approval of a site and the opening of a Restaurant, but the interval may vary based upon such factors as the location and condition of the site and premises, the construction schedule for the Restaurant and the extent to which an existing location must be upgraded or remodeled, and the amount of training required. You may not open the Restaurant until you are authorized to do so by us. (Franchise Agreement, Section 2.D.)

3. Within 60 days of your signing the Franchise Agreement, or, if no site has been selected as of the execution of this Agreement, then within 60 days of our approval of a site proposed by you, we will furnish you with mandatory and suggested specifications and layouts

for a Restaurant (part of the "System Standards"). It will be your responsibility to have prepared all required construction plans and specifications to suit the shape and dimensions of the Restaurant's premises and to insure that these plans and specifications comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. We may review, for our approval, the construction plans submitted by you before the construction commences and may review revised or "as built" plans and specifications during the course of such construction. (Franchise Agreement, Section 2.B.)

4. Provide specifications, standards, operating procedures and rules for the operation of Restaurants, including required and recommended equipment, signs, fixtures, supplies, materials and food products (part of the "System Standards"). Except for the "stabilizer base", OPHF does not provide, deliver or install your equipment, signs, fixtures, supplies or opening inventory. We do give you the names of recommended suppliers. System Standards may be periodically modified by us in the Operating Manual or otherwise communicated to you in writing, and will constitute provisions of the Franchise Agreement. All references to the Franchise Agreement will include all System Standards as periodically modified. (Franchise Agreement, Section 3.B.)

5. Loan to you, during the term of the Franchise one (1) copy of the Operating Manual, which may consist of one or more manuals and/or videotapes and or CD's and DVD's. The Operating Manual will contain mandatory and suggested specifications, standards and operating procedures that we prescribe from time to time for Restaurants, and information relating to other obligations under the Franchise Agreement. The Operating Manual may be modified from time to time to reflect changes in the image, specifications, standards, procedures, products and System Standards for Restaurants, provided that no such addition or modification will alter your fundamental status and rights under the Agreement. The Table of Contents of the manuals are attached as Exhibit "E". (Franchise Agreement, Section 3.C.)

6. Sell to you a reasonable amount of "Stabilizer Base", which you must purchase from the Company, and use in products sold by the Restaurant. (Franchise Agreement, Section 9)

7. Provide training in the operation of a Restaurant. Prior to the Restaurant opening, and at a time convenient to you that can be accommodated by us, up to four (4) individuals (including the Franchisee and the managers of the Restaurant) are entitled to participate in a training program. However, the Franchisee (or a Controlling owner thereof, being an owner holding twenty-five percent (25%) or more of the equity and voting control of the Franchisee) must complete the training to our satisfaction and participate in all other activities required to open and operate the Restaurant. We may require you to have up to three (3) additional people complete the training to our satisfaction. (Franchise Agreement, Section 3.A.)

Post-Opening Assistance

After you open your Restaurant we will:

1. Advise you from time to time of operating problems of the Restaurant disclosed by you or by reports submitted to or inspections made by us, and/or furnish you with guidance in connection with improvements and developments in operating procedures utilized by Restaurants. Such guidance will, in our discretion, be furnished in the form of our Operating Manual, bulletins and other written materials and/or consultations at our offices, at the Restaurant or via telephone, fax, letter or e-mail. (Franchise Agreement, Section 3.B.)

2. We are not obligated to, but may require you and/or previously trained and experienced managers to attend periodic refresher courses at such times and locations that OPHF designates. OPHF may charge you a reasonable fee for this training, but we do not currently impose any fee. You will be responsible for all travel and living expenses you and your managers incur while attending such training. (Franchise Agreement, Section 3.A.)

3. We will sell to you, on our then current standard terms and conditions, such reasonable amounts of the Stabilizer Base as you may order from time to time. (Franchise Agreement, Section 9)

Advertising

4. Recognizing the potential value of advertising to the goodwill and public image of Restaurants, we are not obligated to, but may, in its sole discretion, establish, maintain and administer national and/or regional advertising funds (the "Marketing Fund") for such advertising and related programs as we may deem necessary or appropriate.

Because we do not currently have an advertising program, we do not know, and cannot disclose to you the media in which the advertising may be disseminated (for example, print, radio or television); whether the coverage of the media will be local, regional or national in scope; the source of the advertising (for example, in-house advertising department, a national or regional advertising agency);

We permit you to develop and use your own advertising material at your own expense, and require that samples of any of your advertising and promotional materials be submitted to us for inspection. You may not use any advertising or promotional materials that we disapprove in writing within ten (10) days of receipt from you by us. (Franchise Agreement, Section 11.B.)

Because we do not currently have an advertising program, we do not know, and cannot disclose to you if there will be an advertising council composed of franchisees who advise us on advertising policies, or how the members might be selected, or whether any council will be only advisory or have operational or decision making power. We will have the power to form, change or dissolve any advertising council. Because we do not currently have an advertising program, we do not know, and cannot disclose to you whether, and under what terms and conditions, you may have to participate in a local regional or national advertising cooperative.

In the event that we establish the Marketing Fund, you will be required to contribute to the Marketing Fund, upon thirty (30) days' prior written notice from us, up to one percent (1%) of

the Restaurant's Gross Revenue during the term of the Franchise Agreement, which contributions will be payable monthly together with the royalty fee due under the Franchise Agreement. Restaurants owned by us and our affiliates will, along with franchisees, be the only contributors to the fund, and they will contribute to the Marketing Fund on the same basis and at the same rate. We reserve the right to suspend contributions to and operations of the Marketing Fund for one or more periods, and the right to terminate the Marketing Fund, upon thirty (30) days written notice to you. All unspent monies on the date of termination will be distributed to Franchisees in proportion to their respective contributions to the Marketing Fund during the preceding twelve (12) month period. We have the right to reinstate the Marketing Fund upon the same terms and conditions set forth in the Franchise Agreement upon thirty (30) days prior written notice to you.

If a Marketing Fund is established, an affiliate or we will administer the fund, which will not be audited. We will create an annual statement of monies collected and costs incurred which will be available to you upon written request. Because we do not currently have an advertising program, we do not know, and cannot disclose to you the use of funds during the most recent fiscal year.

In the event that we establish the Marketing Fund, it will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Marketing Fund and its marketing programs. While we will endeavor to benefit all franchisees, we undertake no obligation to ensure that funds are spent in the territory where your franchise is located.

We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Restaurants to the Marketing Fund in that year, and we may cause the Marketing Fund to borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs incurred by the Marketing Fund before other assets of the Marketing Fund are expended. You will not receive a periodic accounting of how advertising fees are spent. None of the advertising fees will be used principally for solicitation for the sale of franchises.

If we implement a marketing program, we will furnish you with samples of marketing, advertising and promotional formats and materials at our direct cost of producing them, plus any related shipping, handling and storage charges.

In addition to your contributions to the Marketing Fund, we reserve the right to require you to spend monthly for advertising and promotion of the Restaurant not less than one percent (1%) of the Restaurant's Gross Revenue. If we require advertising and promotional expenditures, we may review, at such times as it deems appropriate, your books and records relating to its expenditures for advertising and promotion. If we determine from a review that you have not spent that amount for advertising and promotion, we may require you to pay unspent amounts into the Marketing Fund. (Franchise Agreement, Section 11.)

Computer Requirements

We do not require you to use electronic cash registers or computer systems and we will not have independent access to the information that will be generated or stored in any electronic cash register or computer system.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training On-The-Job	Location
Formula	0	108	Portland, OR
Grill Pancakes	0	96	Portland, OR
Meat Range	0	72	Portland, OR
Egg Range	0	264	Portland, OR
Server Prep	0	24	Portland, OR
Host/Hostess	0	9	Portland, OR
Dishwashing	0	22	Portland, OR
Weekly Clean-Up	0	27	Portland, OR
Scheduling	0	3	Portland, OR
Policies	0	6	Portland, OR

Before the opening of the Restaurant, approximately ten (10) weeks of training will be furnished at a Restaurant owned and operated by us, an affiliate of us (as is currently the case), or a facility designated by us. We do not maintain a formal training staff or training schedule. There is no classroom training. The training program and other training will be conducted by employees of us and our affiliates, all of whom have at least one (1) year of experience in their respective areas of responsibility in operating Restaurants. We make no separate charge for this training. You will be responsible for all travel and living expenses you and your managers incur while attending such training. Instructional materials include manuals, videotapes and tests. We may require you and/or previously trained and experienced managers to attend periodic refresher courses at such times and locations that we designates. We may charge you a reasonable fee for this training, but we do not currently impose any fee. We are not required to, but may provide additional training for up to a total of five (5) consecutive days at your Restaurant during normal business hours prior to and after its opening.

During the initial training period, the Franchisee is obligated to replace any manager who we determine, in our sole discretion, is not qualified to manage a Restaurant. Moreover, if the Franchisee (or a Controlling Owner) fails to complete all phases of the training program to our satisfaction, we may terminate the franchise agreement.

The training is provided on an individual basis, based upon the actual skills, abilities and experience of the trainee. While we offer a ten-week training period, with approximately 630 hours of training, the time spent in each area can vary greatly.

We do not currently charge for this training or service, but you must pay the travel and living expenses for you and your employees. All training occurs at The Original Pancake House restaurant in Portland, Oregon, or at a training facility designated by us.

ITEM 12 TERRITORY

The franchise is either granted for a location that has already been proposed by you and approved by us, or a franchise is entered into without a designated location, requiring you to secure the approval by us for a location presented by you. Once your proposed site is approved by us, you will be granted an Exclusive Area with a minimum population of 100,000 people living in households with a minimum household income of Fifty Thousand Dollars (\$50,000). You will operate from the one location, to be approved by us, and must receive our permission before relocating. Due to other commitments that may exist at the time you request our consent to relocate, consent may not be granted by us to such relocation. We have no obligation to consent to the transfer of the location inside or outside of the Exclusive Area. If you fail to re-commence operation of the relocated location within three hundred and sixty (360) days after we consent to such relocation, we have the right to terminate the franchise agreement.

We have not and will not establish company owned outlets or another franchisee using our trademarks within your area. We retain the right in its sole discretion to advertise and distribute or license others to advertise and distribute product inside the Exclusive Area, other than at THE ORIGINAL PANCAKE HOUSE RESTAURANTS, including, without limitation, by electronic commerce, in such a manner and on such terms and conditions as we deems appropriate. We have not and will not establish company owned outlets or another franchisee or channel of distribution selling or leasing similar products under a different trademark. We retain the right in its sole discretion to operate and grant to others the right to operate restaurants at such locations outside the Exclusive Area and on such terms and conditions that it deems appropriate. Any adjoining exclusive area would share the customer base. A nearby exclusive area may share the customer base.

You do not receive an option, right of first refusal, or other right to acquire additional franchises within your area.

There is no minimum sales quota. You maintain rights to your area whether the population increases or decreases. You are not restricted from soliciting or accepting customers from outside your defined territory. Other Franchisees are not restricted from soliciting or accepting customers from inside your defined territory.

We also enter into Option Agreements, wherein some Franchisees can acquire an exclusive right to enter into multiple franchise agreements to operate Restaurants in certain larger territories, typically delineated by county or city boundaries. OPHF enters into Option Agreements

based on the financial and business experience of a franchisee, franchisee's initially entering into multiple franchise agreements, market potential, and our own growth considerations. We do not permit sub-franchising or enter into any sub-franchising arrangements whatsoever, but only grant the option to you to personally open and operate multiple units.

If you enter into an Option Agreement with us, you will have to open one Restaurant every three years to maintain your Option. If you lose your Option, you will maintain the Exclusive Area granted with each then existing franchise.

ITEM 13

TRADEMARKS

We grant you the right to operate a restaurant under the name The Original Pancake House. You may also use our other current or future trademarks to operate your Restaurant. By "trademark", we mean trade names, trademarks, service marks and logos used to identify your Restaurant. We own the following marks, registered on the Principal Register of the United States Patent and Trademark Office:

<u>MARK</u>	<u>REGISTRATION NO.</u>	<u>REG. DATE</u>
EVERYONE KNOWS THE ORIGINAL PANCAKE HOUSE and Design	1,286,563	July 17, 1984
THE ORIGINAL PANCAKE HOUSE	1,289,422	August 7, 1984
Chef Logo	1,514,979	November 29, 1988
THE ORIGINAL PANCAKE HOUSE and Design	1,630,489	January 1, 1991

All Affidavits of use required to be filed to maintain the registrations of the Marks have been timely filed, and registration # 1,630,489 has been renewed.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending infringement, opposition or cancellation, or any pending material litigation involving the principal trademarks.

No agreements significantly limit our right to use or license the use of our trademarks in any manner material to you.

We do not know of any infringing uses that could materially affect your use of the trademarks.

You must follow our rules when you use these trademarks. You can not use a name or trademark as part of a corporate name, nor can you use a name or trademark with modifying words, designs or symbols except for those which we license to you. You may not use the name Original Pancake House in connection with the sale of an unauthorized product or in a manner or place not authorized in writing by us, including, without limitation, as part of a website, and social media, or e-mail address.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademark, and may not communicate with any person other than us or our counsel in connection with any such infringement, challenge or claim. We will take the action we think appropriate. You are obligated to execute any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the trademarks.

You must add, modify or discontinue the use of a trademark if we add, modify, or discontinue it. If this happens, we will reimburse you for the reasonable tangible costs of compliance (for example, changing signs). However, we will not be obligated to reimburse you for any loss of goodwill associated with any modified or discontinued trademarks or for any expenditures made by you to promote modified or substitute trademarks. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We and our affiliate claim copyrights in the Operating Manuals, Video Tapes & DVDs, specifically designed menus and related materials used in operating The Original Pancake House restaurants. Such copyrights have not been registered with the United States Registrar of Copyrights. You may use the Operating Manuals and other materials during the term of the Franchise Agreement. We consider these to be trade secrets.

We also possesses certain confidential information relating to the operation of Restaurants, which includes methods, techniques, formats, specifications, systems, procedures and knowledge of and experience in the development and operation of Restaurants. We may disclose certain confidential information to you in the initial training program and subsequent training, the Operating Manuals, including video tapes, DVDs, and guidance furnished to you during the term of the Franchise.

You will not acquire any interest in confidential information other than the right to utilize confidential information disclosed to you in operating the Restaurant during the term of the

Franchise Agreement, and that you will comply with restrictions on your treatment of the confidential information.

You represent and warrant that each current employee who will have access to the confidential information, and each owner of the franchise, if the Franchisee is a corporation or partnership, has first entered into a Confidentiality Agreement. You must notify us of the name and position of anyone required to execute a Confidentiality Agreement, and you must send originals of such Confidentiality Agreements to us within twenty (20) days after they are signed. Our current form of Confidentiality Agreement is attached to the Franchise Agreement as an Exhibit.

The failure of any restricted person or entity to sign or comply with the applicable Confidentiality Agreement will constitute a material breach of the Franchise Agreement by you, without regard to whether the non-complying person or entity is a party to or a guarantor of the Franchise Agreement.

The "stabilizer base" produced by us for use in the preparation of pancakes and similar food items is distinctive and proprietary, as a result of being specially produced pursuant to a secret formula. The use of the stabilizer base is critical to the maintenance of the standards of quality of the products sold by Restaurants. You agree that you will use the stabilizer base in products sold by the Restaurant in the manner prescribed by us. You may use the stabilizer base solely in the operation of the Restaurant. You may not duplicate the stabilizer base for your own use or for resale to others, and unauthorized use, sale or duplication of the stabilizer base will constitute a material breach of the Franchise Agreement.

There are currently no effective determinations of the U.S. Copyright Office or any court regarding any of our or our affiliates' copyrights. Nor are there any agreements currently in effect which significantly limit our or our affiliates' rights to use or license the copyrighted materials in any manner material to the Franchise. Furthermore, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials. We and our affiliate are not obligated under any agreement to protect or defend their copyrights.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyright or confidential information. We are not required to defend you against a claim against your use of our copyright or confidential information, or to reimburse you for your liability and reasonable costs in connection with defending our copyrights or confidential information. You are obligated to execute any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or otherwise to protect and maintain our interests in the copyright and confidential information.

You must add, modify or discontinue the use of any copyrighted and proprietary materials if we add, modify, or discontinue them. If this happens, we will reimburse you for the reasonable tangible costs of compliance. However, we will not be obligated to reimburse you for any loss of goodwill associated with any modified or discontinued copyrighted and proprietary materials or for any expenditure made by you to promote modified or substitute copyrighted

and proprietary materials. You must not directly or indirectly contest our right to our copyrighted and proprietary materials that are part of our business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must complete all phases of training and participate personally in the operation of the restaurant.

If you are a corporation, a person who owns at least twenty-five percent (25%) or the corporate equity must complete all phases of training and participate personally in the operation of the restaurant.

Managers, and each individual that owns an interest in a corporate franchisee, must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17. Each individual who owns an interest in a corporate franchisee must also sign an Owner's Guaranty and Assumption of Franchisee's Obligations. (Exhibit G)

Franchisee's who enter into an option agreement, or, if the Franchisee is a corporation, a Controlling owner must participate personally in the development of the Restaurants and the operation of the Restaurants.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all menu items that we designate as required for all franchisees. We require you to offer and sell only those products and services that we have approved. We have the right to change the types of authorized products and services, provided such changes do not alter your fundamental status and rights under the franchise agreement. We designate some menu items as optional.

ITEM 17

RENEWAL, TERMINATION, TRANSFER
AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

SEE ATTACHED ADDENDUM IMMEDIATELY FOLLOWING ITEM XVII OF THIS OFFERING CIRCULAR FOR INFORMATION REGARDING THE LAW OF CALIFORNIA

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of the term of the franchise	1.B.	Term is 20 years
b. Renewal or extension of the term	15	If you are in good standing you can renew for standard franchise term then offered
c. Requirements for you to renew or extend	15	Give notice in 17th Year, sign then current form of agreement, which may have materially different terms than your original contract, remodel if required, and sign release, no additional fee.
d. Termination by you	16.A.	Only if OPHF breaches, and fails to cure the breach
e. Termination by OPHF without cause	NONE	
f. Termination by OPHF with cause	16.B.	OPHF can only terminate if you or your managers do not complete the training, if you do not open in 1 year, or if you default
g. "Cause" defined-curable defaults	16.B.1-8,10,12, & 14	You have from 72 hours to 30 days to cure any curable defaults such as late royalty reporting, late royalty payment and late merchandise payment

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
h. "Cause" defined - defaults which cannot	16.B.9, 11 & 13	Non-curable default: conviction of a felony, repeated defaults-be cured even if cured, abandonment, bankruptcy, trademark mis-use, and unapproved transfers
i. Franchisee's obligations on termination/non-renewal	17	Obligations include complete de-identification, payments of amounts due (also see r, below)
j. Assignment of contract by OPHF	14.A.	No restriction on OPHF's right to assign
k. "Transfer" by franchisee - defined	4.B.	Includes transfer of contract, Restaurant assets, stock shares or ownership change,
l. OPHF approval of transfer by you	4.C.	OPHF has the right to approve all transfers, but may not unreasonably withhold approval
m. Conditions for OPHF approval of transfer	14.C.	New franchisee qualifies, transfer fee paid, any defaults cured, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee
n. OPHF's right of first refusal to acquire your business	14.G.	OPHF can match any offer or your business
o. OPHF's option to purchase your business	17.E.	Only upon termination of your franchise agreement
p. Your death or disability	14.E.	Franchise must be assigned by estate to approved transferee within 6 months
q. Non-competition covenants during the term of the franchise	7	No involvement in competing business anywhere in U.S.A. or Canada, or within 15 miles of any OPH Restaurant.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
r. Non-competition covenants after the franchise is terminated or canceled	17.D.	No competing business within 15 miles of any OPH Restaurant for 1 year
s. Modification of the agreement	19.B. & G.	No modifications generally, but Operating Manual subject to change
t. Integration/merger clause	19.K.	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable
u. Dispute resolution by arbitration or mediation	NONE	
v. Choice of forum	19.F.	OPHF can commence litigation in Oregon
w. Choice of law	19.F.	Oregon law applies

These states have statutes which may supersede the franchise agreement in your relationship with OPHF including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et. seq.]; DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 815 ILCS 705/19 and 705/20], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407-400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13/1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]

These and other states may have court decisions which may supersede the franchise agreement in your relationship with OPHF including the areas of termination and renewal of your franchise.

OPTION AGREEMENT

<u>Provision</u>	<u>Section in Option Agreement</u>	<u>Summary</u>
a. Length of the term of the option	3(A), 5(A), & 6(A)	Option continues so long as one franchise is opened every three year period, minimum required # of units operate, and no units terminated for cause, or unauthorized transfer made by you
b. Renewal or extension of the term	NONE	
c. Requirements for you to renew or extend	NONE	
d. Termination by you	NONE	You are not obligated to enter into any option franchise agreements, and can terminate the option agreement at any time
e. Termination by OPHF without cause	NONE	
f. Termination by OPHF with cause		OPHF can only terminate if you make an unauthorized assignment of the Option or one of your franchises is terminated for cause by OPHF, or you cease active participation in your franchises
g. "Cause" defined-curable defaults	NONE	
h. "Cause" defined - defaults which cannot be cured	3	Non-curable default: unauthorized assignment, termination of a franchise for cause by OPHF, operation of less than minimum required number of units

<u>Provision</u>	<u>Section in Option Agreement</u>	<u>Summary</u>
i. Franchisee's obligations on termination/non-renewal	NONE	
j. Assignment of contract by OPHF	9	No restriction on OPHF's right to assign
k. "Transfer" by franchisee - defined	9	Includes transfer of agreement
l. OPHF approval of transfer by you	9	OPHF has the right to approve all transfers, in it's sole discretion
m. Conditions for OPHF approval of transfer		Approval is in the sole discretion of OPHF, must be of whole agreement
n. OPHF's right of first refusal to acquire your business	9	OPHF can match any offer for your business
o. OPHF's option to purchase your business	NONE	
p. Your death or disability	NONE	Estate must get OPHF approval, in its sole discretion, for any transfer
q. Non-competition covenants during the term of the option	NONE	Franchise agreement(s) will provide covenants
r. Non-competition covenants after the franchise is terminated or canceled	NONE	Franchise agreement(s) will provide covenants
s. Modification of the agreement	10	No modifications unless in signed writing

<u>Provision</u>	<u>Section in Option Agreement</u>	<u>Summary</u>
t. Integration/merger clause	10	Only the terms of the option agreement are binding (subject to state law). Any other promises may not be enforceable
u. Dispute resolution by arbitration or mediation	NONE	
v. Choice of forum	12	OPHF can commence litigation in Oregon
w. Choice of law	12	Oregon law applies

These states have statutes which may supersede the option agreement in your relationship with OPHF including the area of termination of your option: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et. seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 815 ILCS 705/19 and 705/20], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407-400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13/1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]

These and other states may have court decisions that may supersede the option agreement in your relationship with OPHF including the areas of termination of your option.

Item 18

PUBLIC FIGURES

OPHF does not use any public figures to promote its franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jonathan Liss, 8601 SW 24th Avenue, Portland, Oregon 97219, 503-246-4955, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

SEE NEXT PAGE

* Indicates holder of option to develop
an area, territory or state

ALABAMA

1931 11th Avenue South
Birmingham, Alabama 35205
205-933-8837
R. H. Goetz & Associates, Inc

ARIZONA

6840 East Camelback Road
Scottsdale, Arizona 85251
602-946-4902
Flight to Quality, Inc.

CALIFORNIA

1418 East Lincoln Avenue
Anaheim, California 92805
714-535-9815
Adam Voll Restaurant Corp.

18453 Yorba Linda Boulevard
Yorba Linda, California 92686
714-693-1390
Hill Restaurant Corporation

3906 Convoy Street
San Diego, California 92111
858-565-1740
Setilli Investments, Inc.

160 South Rancho Santa Fe Road
Encinitas, California 92024
760-943-1939
OPH of Rancho Sante Fe, L.L.C.

435 S. Melrose Dr.
Vista, California 92083
760-758-3441
OPH Vista, L.L.C.

14905 Pomerado Drive
Poway, California 92064
858-679-0186
Lingham Investments, Inc.

41377 Margarita Road, Suite 101
Temecula, California
OPH of Temecula, Inc.
909-296-9016

1366 De Anza Blvd.
San Jose, California 95129
408-255-7373
Delicious Daily Fresh, Inc.

420 South San Antonio Road
Los Altos, California 94022
650-559-9197
Mourad & Mourad, Inc.

39222 Fremont Boulevard
Fremont, California 94538
510-744-1957
Mourad & Mourad, Inc.

2306 Almaden Rd., Suite 150
San Jose, California 95125
408 979 0251
Delicious Daily Fresh, Inc.

26951 Moulton Parkway
Aliso Viejo, California 92656
949-643-8591
Gourmet Pancakes, Inc.*

1756 South Pacific Coast Highway
Redondo Beach, California 90277
310-543-9875
Gourmet Pancakes, Inc.

10000 Fairway Drive
Roseville, California 95678
916-788-3040
CAM Stack, Inc.

3322 E. Chapman Avenue
Orange, California 92869
714-221-8674
TOPH 1, LLC

3580 Adams Street
Riverside, California 92111
951-351-1500
Weatherby Enterprises, Inc.

2059 Contra Costa Boulevard
Pleasant Hill, CA 94523
Health & Taste Investments Group, LLC
925-798-3081

COLORADO

5900 South University Blvd.
Greenwood Village, Colorado 80121
303-795-0573
Nutmeg, Inc.

8000 E. Belleview
Greenwood Village, Colorado 80111
303-224-0093
Jack Restaurant, L.L.C.

2600 Canyon Boulevard
Boulder, Colorado 80302
303-449-1575
Tyrus, L.L.C.

FLORIDA

9901 NW 41St. Street
Miami, Florida 33178
786-507-0564
OPH South Florida, Inc.

105 South State Road 7
Royal Palm Beach, Florida 33408
561-296-0878
OPH South Florida, Inc.

21215 Biscayne Blvd.
Aventura, Florida 33180
305-933-1966
JMR-OPH, Inc.
OPH South Florida, Inc.*

1840 South Federal Highway
Delray Beach, Florida 33443
561-276-0769
R.T.S.W.-OPH, Inc.

2851 North Federal Highway
Fort Lauderdale, Florida 33304
954-564-8881
DMR-OPH, Inc.

11510 S.W. 72nd Street
Miami, Florida 33183
305-274-9215
TSP Outsourcing and Services, LLC

6650 Dykes Road,
Southwest Ranches, Florida 33331
954-272-0825
OPH-Pembroke, Inc.

8640 Broward Boulevard
Plantation, Florida 33324
954-473-2771
NBN-OPH, Inc.

8903 Glades Road
Boca Raton, Florida 33434
561-395-2303
OPH Boca, L.L.C.

10208 Buckhead Branch Drive
Jacksonville, Florida 33483
561-276-0769
OPH/Buckhead, Inc.

10599 W. Atlantic Blvd.
Coral Springs, Florida 22071
954-255-8080
TSP Outsourcing and Services Coral Springs, LLC

4360 Northlake Blvd.
Palm Beach, Florida 33410
561-721-2213
OPH South Florida, Inc.

4110 N.W. Federal Highway
Jensen Beach, Florida 34957
OPH/Boynton, Inc.

GEORGIA

2321 Cheshire Bridge Road
Atlanta, Georgia 30324
404-633-5677
H & L Group, Inc.

5530 Windward Parkway
Building A, Suite 120
Alpharetta, Georgia 30004
678-393-1355
D. Bradley Enterprises, Inc.

5099 Memorial Drive
Stone Mountain, Georgia 30136
404-292-6914
KenHunt, Inc.

7201-B Hodgson-Memorial Drive
Savannah, GA 31406
912-351-9333
OPH-SAV, L.L.C.

HAWAII

1414 Dillingham Boulevard
Honolulu, Hawaii 96817
808-847-1496
Pancakes of Hawaii, Inc.

1221 Kapiolani Boulevard
Honolulu, Hawaii 96814
808-533-3005
Pancakes of Hawaii, Inc.

ILLINOIS

825 Dundee Road
Arlington Heights, Ill. 60004
847-392-6600
Ray Walker*

1615 Waukegan Road
Glenview, Illinois 60025
847-724-0220
Ray Walker

620 Central Avenue
Highland Park, Illinois 60035
847-432-0660
Ray Walker

200 Marriott Drive
Lincolnshire, Illinois 60069
847-634-2220
Ray Walker

153 Greenbay Road
Wilmette, Illinois 60091
847-251-6000
Ray Walker

767 S. Rand road
Lake Zurich, Illinois 60047
847-550-0006
Walker Bros. Lake Zurich, Inc.

1517 East Hyde Park Boulevard
Chicago, Illinois 60615
773-288-2322
#3 Zimmies, Inc.

5148 West 159th Street
Oak Forest, Illinois 60452
708-687-8282
#6 Zimmies, Inc.

22 East Bellvue
Chicago, Illinois 60611
312-642-7917
#7 Zimmies, Inc.
2020 N. Lincoln Park West
Chicago, Illinois 60614
773-929-8130
#8 Zimmies, Inc.

15256 S. LaGrange Road
Orland Park, Illinois 60462
OPH #1, Inc.
708-349-0600

106 South Northwest Highway
Park Ridge, Illinois 60068
847-696-1381
Dale Eisenberg

10437 South Western Avenue
Chicago, Illinois 60643
773-445-6100
Richard Harrigan

7255 W. Madison
Forest Park, Illinois 60130
708-771-5411
#16 Zimmies, Inc.

1909B West Springfield Avenue
Champaign, Illinois 61820
217-352-8866
C-U Pancake House, Inc.

INDIANA

1518 West 86th Street
Indianapolis, Indiana 46260
317-872-1400
North Willow Pancakes, Inc.

8395 E. 116th Street
Fishers, Indiana 46038
317-570-1245
Fisher's Town Pancakes

1430 North Ironwood Drive
South Bend, Indiana 46635
219-232-3220

N.L.L., Inc.
14631 North Gray Road
Noblesville, Indiana 46062
Bridgewater Pancakes, Inc.
317-804-9162

MARYLAND

7700 Wisconsin Avenue
Bethesda, Maryland 20814
301-986-0285
Bulman Enterprises, Inc.

12224 Rockville Pike
Rockville, Maryland 20852
301-468-0886
OPH-II Inc.

MICHIGAN

20273 Mack Avenue
Grosse Pointe Woods, Michigan 48236
313-884-4144
Frank & Johanna Hamilton*

19355 West Ten Mile Road
Southfield, Michigan 48075
248-357-3399
Frank & Johanna Hamilton

33703 Woodward Avenue
Birmingham, Michigan 48009
248-642-5775
Frank & Johanna Hamilton

4165 Main Street
Bay Harbor, Michigan 49770
231-249-9989
BHMD, L.L.C.

MINNESOTA

3501 West 70th Street
Edina, Minnesota 55435
952-920-4444
Great Foods, Inc.

6322 Vinewood Lane
Maple Grove, Minnesota 55311
763-383-0888
Flapjack, Inc.

549 Prairie Center Drive
Eden Prairie, Minnesota 55344
952-224-9440
William McGee
MISSOURI

17000 Chesterfield Airport Road
Chesterfield, Missouri 63005
636-536-4044
Dutch Treat, LLC*

NEVADA

4833 W. Charleston Blvd.
Las Vegas, Nevada 89102
702-259-7755
OPH of Las Vegas, Inc.

8620 West Cheyenne
Las Vegas, NV 89128
702-396-8220
OPH of Las Vegas III, Inc.

NEW JERSEY

817 Bloomfield Avenue
West Caldwell, New Jersey 07006
973-575-9161
Original Pancake House of NJ, Inc.

Pine Plaza
831 Route 10 East
Whippany, New Jersey 07981
973-515-8552
Original Pancake House of Whippany, L.L.C.

1638 Schlosser Street
Fort Lee, New Jersey 07024
201-585-0905
The Original Pancake House of Fort Lee, L.L.C.

NEW YORK

5479 Main Street
Williamsville, New York 14221
716-634-1025
OPH of Williamsville, Inc.

3019 Union Road
Orchard Park, New York 14127
716-674-3344
OPH of Orchard Park, Inc.

2075 Niagara Falls Boulevard
Buffalo, NY 14228-3518
716-691-8219
OPH of Williamsville, Inc.

NORTH CAROLINA

4736 Sharon Road
Charlotte, North Carolina 28210
704-553-8364
OPH North Carolina, Inc.

915 Charlottetowne Avenue
Charlotte, North Carolina 28205
OPH Factory South, L.L.C.
704-372-7099

OHIO

3310 West Central Avenue
Toledo, Ohio 43606
419-578-0342
Westgate Original Pancake House, Inc.

9977 Montgomery Road
Montgomery, Ohio 45242
513-745-0555
Alyzwunderland, Inc.

9403 Union Centre Boulevard
West Chester, Ohio 45069
513-759-4300
Union Centre Pancake House LLC

1516 Miamisburg-Centerville Road
Dayton, Ohio 45459
937-438-5720
Dayton Pancakes, Inc.

28700 Chagrin Blvd.
Woodmere, OH 44122
216-292-7777
MJJT Inc.

3000 Westgate
Fairview Park, Ohio 44126
440-333-5515
MJJT Too, Inc.
OREGON

782 East Broadway Avenue
Eugene, Oregon 97401
541-343-7523
Daryl G. Taylor, Inc.

4656 Commercial Street, S.E.
Salem, Oregon 97302
503-378-0431
Kuchen, Inc.

4685 North Portland Road, N.E.
Salem, Oregon 97305
503-393-9124
Kuchen, Inc.

1025 Donovan St.
Bend, Oregon 97702
541-317-0380
Erma Co., L.L.C.

3030 SW 6th Street
Redmond, Oregon 97756
541-316-2515
Ken & Betsy Mauch

PENNSYLVANIA

8300 McKnight Road
Ross Township, Pennsylvania 15237
412-358-9622
OPH North Hills, L.L.C.

2229 Swallow Hill Road
Pittsburgh, Pennsylvania 15220
412-279-1442
OPH South Hills L.L.C.SOUTH CAROLINA

SOUTH CAROLINA
4840 Forest Drive
Columbia, South Carolina 29205
803-782-6742
Beducian, Inc.

1540 Fording Island Road, Suite LL
Hilton Head, SC 29926
843-815-3452
OPH Pipe Dream, Inc.

SOUTH DAKOTA

2713 West 41st Street
Sioux Falls, South Dakota 57105
605-271-7222
Pancakes and More, Inc.

TEXAS

5100 Beltline Rd. Suite 256
Dallas, Texas 75240
972-385-6468
MYM, Limited

4343 W. Northwest Hwy.
Suite 375
Dallas, Texas 75220
214-351-2012
ZFZ, Inc.

2301 North Central Expwy #156
Plano, Texas 75075
972-423-2889
MYM, Limited

2900 Lemon, Suite 100
Dallas, Texas 75204
214-528-7215
OPH IV, Inc.

5760 State Highway 121
Suite 125
Plano, Texas 75024
972-712-2121
OPH V, Inc.

1505 William D. Tate Blvd.
Grapevine, Texas 76051
817-421-3444
OPH VI, L.L.C.

Mark Bailey, Jonathan Seyoum*

1700 West Parmer Lane
Austin, Texas 78727
512-873-7200
Capitol City Pancakes, L.L.C.

UTAH

790 East 2100 South
Salt Lake City, UT 84106
801-484-7200
Pancakes West Sugarhouse, Inc.*

VIRGINIA

7395 M Lee Parkway
Falls Church, Virginia 22042
703-891-0148
OPH III, Inc.

WASHINGTON

130 Parkplace Center
Kirkland, Washington 98033
425-827-7575
Dutch Baby, Inc.

8037 15th Avenue NW
Seattle, Washington 98177
206-781-3344
Buckwheat, Inc.

1904 201st PL SE
Bothell, WS 98012
Dutch Baby, Inc.
425-419-4476

Ken Naito*

16116 Meridian East
Puyallup, Washington 98375
253-604-0791
BTE Breakfast, Co.

WISCONSIN

5518 University Avenue
Madison, Wisconsin 53705
608-231-3666
Robert Zownir, Ed Russkamp and
Peter Morris

Brookfield, Wisconsin
518 Riverplace Drive
Minona, Wisconsin 53716
608-222-1137
Mad Corporation

16460 Bluemound Road
Brookfield, Wisconsin
262-797-0800
Brookfield OPH, L.L.C.

2621 North Downer Avenue
Milwaukee, Wisconsin 53211
414-431-5055
Sweetcakes, L.L.C.

Table No. 1
Systemwide Outlet Summary
For Years 2009 to 2011

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2009	108	111	+3
	2010	111	115	+4
	2011	115	113	-2
Company- Owned	2009	1	1	0
	2010	1	1	0
	2011	1	1	0
Total Outlets	2009	109	112	+3
	2010	112	116	+4
	2011	116	114	-2

Table #2
Transfer of Outlets From Franchisees to New Owners (other than the Franchisor)
For Years 2009 to 2011

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2009	0
	2010	0
	2011	0
Arizona	2009	0
	2010	0
	2011	0
California	2009	0
	2010	4
	2011	0
Colorado	2009	0
	2010	0
	2011	0
Florida	2009	0
	2010	0
	2011	2

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Georgia	2009	0
	2010	0
	2011	0
Hawaii	2009	0
	2010	0
	2011	0
Idaho	2009	0
	2010	0
	2011	0
Illinois	2009	0
	2010	0
	2011	0
Indiana	2009	0
	2010	0
	2011	0
Maryland	2009	0
	2010	0
	2011	0
Michigan	2009	0
	2010	0
	2011	0
Minnesota	2009	0
	2010	0
	2011	0
Missouri	2009	0
	2010	0
	2011	0
New Jersey	2009	0
	2010	0
	2011	0
Nevada	2009	0
	2010	0
	2011	0
New York	2009	0
	2010	0
	2011	0
North Carolina	2009	0
	2010	0
	2011	0
Ohio	2009	1
	2010	0
	2011	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Oregon	2009	0
	2010	0
	2011	0
Pennsylvania	2009	0
	2010	0
	2011	0
South Carolina	2009	0
	2010	0
	2011	1
	South Dakota	2009
	2010	0
	2011	0
	Texas	2009
2010		0
2011		0
Utah	2009	2
	2010	0
	2011	0
Virginia	2009	0
	2010	0
	2011	0
Washington	2009	0
	2010	0
	2011	0
Wisconsin	2009	0
	2010	0
	2011	0
Total	2009	7
	2010	0
	2011	3

Table #3

**Status of Franchised Stores
For Years 2009 to 2011**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations ^b	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other reasons	Outlets at End of the Year
Alabama	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other reasons	Outlets at End of the Year
Arizona	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
California	2009	14	1	0	0	0	0	15
	2010	15	1	0	0	0	0	16
	2011	16	1	0	0	0	0	17
Colorado	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Florida	2009	11	0	0	0	0	0	11
	2010	11	1	0	0	0	0	12
	2011	12	1	0	0	0	0	13
Georgia	2009	4	1	0	0	0	1	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Hawaii	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Idaho	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
Illinois	2009	16	0	0	0	0	1	15
	2010	15	0	0	0	0	0	15
	2011	15	0	0	0	0	0	15
Indiana	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	1	3
	2011	3	1	0	0	0	0	4
Maryland	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Michigan	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Minnesota	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	1	3
Missouri	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other reasons	Outlets at End of the Year
New Jersey	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Nevada	2009	5	0	0	0	0	1	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	2	2
New York	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
North Carolina	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Ohio	2009	5	1	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
Oregon	2009	4	0	0	0	0	0	4
	2010	4	1	0	0	0	0	5
	2011	5	0	0	0	0	0	5
Pennsylvania	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
South Carolina	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
South Dakota	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Texas	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	1	0	0	0	0	7
Utah	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Virginia	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Washington	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	1	0	0	0	4

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other reasons	Col. 9 Outlets at End of the Year
Wisconsin	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Total	2009	108	5	0	0	0	2	111
	2010	111	4	0	0	0	0	115
	2011	115	2	0	0	0	4	113

Table #4
**Status of Company Owned Outlets
For Years 2009 to 2011**

	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Oregon	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
Total	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1

Table #5
Projected Openings as of December 31, 2011

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Open	Column 3 Projected New Franchise Outlets in The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in The Next Fiscal Year
California	5	1	0
Idaho	1	1	0
Missouri	2	1	0
North Car.	0	0	0
Texas	1	1	0
Utah	1	0	0
Washington	0	0	0
Total	10	5	0

Former Franchisee Contact Information

During the last fiscal year one OPH franchisees left the system.

John Weatherby
5092 Casa Oro Drive
Yorba Linda, CA 972886
714-261-0580

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited fiscal year end financials for 2009, 2010 and 2011.

ITEM 22

CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

- A. OPHF Franchise Agreement
- B. OPHF Option Agreement
- C. OPHF Confidentiality and Non-Competition Agreement for Franchisee shareholders and franchisee employees
- D. OPHF Owner's Guarantee for Franchisee Shareholders
- E. Table of Contents of Training Manuals
- F. General Release for transferring franchisee and Franchise Shareholders
- G. OPHF audited financial statements for 2009, 2010 and 2011
- H. Receipts

ADDENDUM TO
THE ORIGINAL PANCAKE HOUSE FRANCHISING, INC.
DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

As a supplement to the information disclosed in Item 17 of this Disclosure Document, the following additional paragraphs are hereby added:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.
2. Neither the franchisor nor any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or nonrenewal of a license. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
4. 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.).
5. 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.
6. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages provisions are unenforceable.
7. The Franchise Agreement requires application of the laws of the State of Oregon. This provision may not be enforceable under California law.
8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
9. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
10. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).