

SETTLEMENT AGREEMENT AND RELEASE

The People of the State of California, by and through San Francisco City Attorney Dennis J. Herrera ("the People") and Michael Brewster, Inc. d/b/a Magnolia Pub & Brewery ("Magnolia"), do hereby enter into this Settlement Agreement and Release (the "Agreement"), with reference to the following facts:

Recitals

A. In 2009, 2010 and 2011, Magnolia charged its customers a Health Care Surcharge of 4% of each check.

B. In 2010, Magnolia cooperated fully with the City Attorney Office's efforts to ascertain how much of the money Magnolia collected from this surcharge was actually spent on health care for its employees. The parties determined that Magnolia received more money from imposition of the Health Care Surcharge than it spent on health care for Covered Employees.

WHEREFORE, in consideration of the promises, covenants, representations and warranties contained herein, and for good and valuable consideration given hereunder, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Effective Date

The effective date of this Agreement will be the date the Agreement is signed by all parties if on the same day or if on different dates then the last day signed by a party.

2. Definitions

All references to years shall mean the relevant calendar year(s).

"Agreement" shall mean this Settlement Agreement and Release.

"Claimant" shall mean Covered Employees that were employed by Magnolia during 2009, 2010 and/or 2011.

"Covered Employees" shall have the definition set forth in Section 14.1002 of the HCSO.

"HCSO" shall mean the San Francisco Health Care Security Ordinance, codified as San Francisco Administrative Code, Chapter 14.

"Health Care Surcharge" shall mean the 4% surcharge added to Magnolia's customers' bills in 2009, 2010 and 2011.

"Magnolia" shall mean Michael Brewster, Inc. d/b/a Magnolia Pub & Brewery and each of its current, former and future parents, affiliates, subsidiaries, divisions, predecessors,