

**EXHIBIT A
To
Offering Circular**

FRANCHISE AGREEMENT

FRANCHISEE

RESTAURANT LOCATION

DATE OF AGREEMENT

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TO
FRANCHISE AGREEMENT**

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THIS AGREEMENT, made this ____ day of _____, _____, by and between EVERYTHING YOGURT BRANDS, LLC, a Delaware limited liability company, whose principal place of business is 25 Washington Street, Morristown, New Jersey 07960, (hereinafter referred to as "Franchisor") and _____, a _____ whose principal place of business is _____, and whose home address is _____ (hereinafter referred to as "Franchisee" or "You").

WITNESSETH:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a distinctive format relating to the establishment and operation of the restaurant concept specified in Exhibit A (hereinafter referred to as the "Franchised Business"); and

WHEREAS, Franchisor has developed a comprehensive system for the establishment and operation of the Franchised Business, including distinctive exterior and interior design, decor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance and advertising and promotional programs (collectively, the "System"), all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the sole and exclusive owner of the entire right, title and interest, together with all the good will connected therewith, in and to the service marks set forth in Exhibit A and all other trademarks, service marks, trade dress, logos and slogans now or in the future used in conjunction with the operation of the Franchised Business (collectively, "Licensed Marks") as well as all other intellectual property rights used in connection with the Franchised Business;

WHEREAS, Franchisee acknowledges having read this Agreement and Franchisor's franchise offering circular. Franchisee understands the terms of this Agreement and accepts them as being reasonably necessary to maintain the uniformity of Franchisor's high quality standards at the Franchised Business in order to protect the goodwill of the Licensed Marks and the integrity of the System. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that the restaurant industry is highly competitive, with constantly changing market conditions. Franchisee recognizes that the nature of the Franchised Business may change over time, that an investment in the Franchised Business involves business risks and that the success of the venture is largely dependent on Franchisee's own business abilities, efforts and financial resources. Franchisee has not received or relied on any guaranty or assurance, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement; and

WHEREAS, Franchisee desires to obtain a franchise to operate the Franchised Business specified in Exhibit A at the location hereinafter described, and Franchisor is willing to grant such franchise to Franchisee on the terms and conditions hereinafter set forth.

FRANCHISE AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, in consideration of the mutual agreements, covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy whereof is hereby acknowledged, do hereby agree as follows:

1. APPOINTMENT

Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee the right, and Franchisee hereby assumes the obligation, to operate one (1) restaurant using the System and the Licensed Marks and only the System and Licensed Marks set forth in Exhibit A at the location selected pursuant to paragraph 3(a) hereof. The franchise granted hereby is for a specific location only. Franchisee has no territorial or exclusive rights whatsoever, and Franchisor has the unfettered right to own, operate and license others to own and operate the Franchised Business anywhere, including in the vicinity and market area of the Franchised Business.

Franchisor reserves the right, in its sole discretion, to modify its System, including the adoption and use of new or modified logos, trade names, trademarks, service marks or copyrighted materials, new food items, new products, new techniques or new equipment. Franchisee recognizes Franchisor's right to make any such modifications or changes and agrees to accept, implement, use and display such changes and modifications at Franchisee's expense as if they were part of this Franchise Agreement at the time of the execution hereof. Franchisee, within a reasonable time, will make such expenditures as such changes or modification may require.

Except as otherwise expressly provided in this Agreement, Franchisor retains all rights and discretion with respect to the Licensed Marks, the System and the Franchised Business anywhere in the world and the right to engage in any other business whatsoever, including the right to: (a) operate, and grant to others the right to operate, the Franchised Business at such locations and on such terms and conditions as Franchisor deems appropriate; (b) sell any products or services under the Licensed Marks or under any other trademarks, service marks or trade dress, through other channels of distribution; and (c) operate, and grant to others the right to operate, restaurants identified by trademarks, service marks or trade dress, other than the Licensed Marks, pursuant to such terms and conditions as are deemed appropriate.

Franchisee acknowledges that, in addition to the System and the Franchised Business specified in Exhibit A, Franchisor has developed certain other business plans and methods for the opening and operation of restaurants which specialize in the preparation, merchandising, and sale of food and/or beverage items under other trade names and service marks not specified in Exhibit A. This franchise is only being granted to Franchisee for the license to use the System and Licensed Marks specified in Exhibit A.

Franchisee acknowledges and agrees that Franchisor shall have the absolute unfettered right to use, license and to franchise others to use any other proprietary mark(s) and associated food and beverage item or any other product or service not specified in Exhibit A at any location and by any means, including, without limitation, from mobile carts, kiosks, and self serve units within or outside of any location granted by Franchisor to Franchisee by the Franchise Agreement. Franchisee also understands and acknowledges that the rights granted to Franchisee to the Franchised Business grant Franchisee no rights under or to any other proprietary marks and Systems not specified in Exhibit A.

2. TERM AND RENEWAL

The term of this Agreement shall begin on the date of execution of this Agreement by both parties and end on the sooner to occur of: (a) the tenth (10th) anniversary of the opening date of the Franchised Business; or (b) the termination or expiration of the Lease (the "Term").

Franchisee shall have the right to renew the franchise for one (1) term, provided:

(a) Franchisee gives Franchisor written notice of exercise at least nine (9) months, but not more than twelve (12) months prior to expiration;

(b) Franchisee is not in default under this Agreement or any other agreements with Franchisor;

(c) Franchisee (and its owners) execute Franchisor's then-current form of Franchise Agreement, and all other agreements, legal instruments (including a general release and personal guarantees by Franchisee's owners) and other documents customarily used by the Franchisor in the granting of franchises for the Franchised Business, which may vary materially from those presently in use. The Franchisee shall pay a renewal fee of fifty (50%) percent of the then current initial franchise fee in lieu of the initial franchise fee.

(d) As a condition of renewal, the Franchisee is required to maintain possession of the Premises. Franchisor requires that the equipment, fixtures, design and decor of the Franchised Business be upgraded to meet the then existing specifications and standards of the Franchisor.

3. RESTAURANT LOCATION

This Agreement shall be subject to the availability of the location specified below and, at Franchisor's option: (a) execution by Franchisor or one of its affiliates and the owner of the Premises of a mutually satisfactory lease and the execution by Franchisee of a sublease on substantially the same terms; or (b) execution by Franchisee of a lease with the owner of the Premises that is acceptable to both Franchisor and Franchisee, coupled with a conditional assignment of lease in favor of Franchisor or one of its affiliates. The current form of Conditional Assignment of Lease is attached hereto as Exhibit B.

(a) The Franchised Business shall be located at _____
(hereinafter "the Premises").

Franchisee acknowledges that Franchisee selected the Premises subject to Franchisor's approval. Neither Franchisor's site selection guidelines and requirements, Franchisor's approval of the Premises, nor any information Franchisor may impart to Franchisee about the Premises, constitutes a warranty or representation of any kind, express or implied, that the Franchised Business will be profitable or successful. Franchisor's approval of the Premises merely signifies that Franchisor authorizes Franchisee to operate the Franchised Business at that site. Franchisee is solely responsible for the selection of an appropriate site for the Franchised Business. If Franchisor negotiates a lease for the Premises on Franchisee's behalf, which lease, in Franchisor's reasonable judgment, would be acceptable for the operation of the Franchised Business, Franchisee must pay Franchisor a reasonable lease negotiation fee, which may include both legal costs (including time spent by any in-house counsel) and brokerage fees.

(b) If the appropriate lease documentation, as above described, is not signed within nine (9) months after the execution of this Agreement, at the option of either the Franchisee or Franchisor, this Agreement, and related agreements, if any, may be terminated. In such event, the Initial Franchise Fee specified in Paragraph 10.01 herein shall be refunded to the Franchisee, less the costs and expenses incurred by Franchisor, including its expenses in connection with the search for a site, travel and living expenses and legal and other related expenses. Such refund will be made by Franchisor within seven (7) business days (unless a shorter period is prescribed by applicable law) after receipt of written notice from the Franchisee of the exercise of its option to terminate this Agreement (and related agreements), along with a general release satisfactory to Franchisor duly executed by Franchisee and its owners, or immediately by Franchisor, if it exercises its option to terminate. Unless required to do so by any applicable law, such refund will be without interest.

(c) If, for any reason, Franchisee has not opened the Franchised Business within six (6) months after the date possession of the site has been made available to it, or such different date if specified in the lease, Franchisor may terminate this Agreement at any time thereafter and prior to the opening of the Franchised Business, by giving written notice of termination to Franchisee. If this Agreement is terminated pursuant to these provisions, Franchisee shall reimburse Franchisor for its costs and expenses in connection with this franchise including, but not limited to, expenses incurred in connection with the search for a site, advertising and negotiating the lease for the Franchised Business, construction expenses, if any, incurred by Franchisor and expenses incurred in training the Franchisee and its employees including travel and living expenses, compensation of employees of Franchisor and legal fees and expenses incurred. Franchisor will refund the Initial Franchise Fee after deducting such sums from the Initial Franchise Fee, provided Franchisee and its owners shall have executed and delivered a general release satisfactory to Franchisor.

(d) Any lease entered into by Franchisee shall be exclusively for the operation of the Franchised Business, and shall provide that upon termination or expiration of the franchise, for any reason, Franchisor shall have the right, but not the obligation, to be assigned and to assume the lease, and replace Franchisee as tenant. Any lease entered into by Franchisee shall further prohibit Franchisee from subleasing or assigning all or any part of Franchisee's occupancy rights, or extending the term of or revising the lease, without prior written consent. Franchisee shall, upon the exercise of that right by Franchisor, be fully indemnified by Franchisor from all liability for future rent and all other future obligations under the lease (though not from any liability for unpaid rent or any then existing liabilities or obligations under the lease). Franchisee agrees to execute any documents required to assign such lease to Franchisor or to a designee of Franchisor.

(e) The Franchisee may operate the Franchised Business only at the Premises. The Franchisee may sell to anyone, at retail only, prepared food of the character, and meeting the quality standards contemplated in this Agreement, provided that all sales are from the Premises. Franchisee may not open or operate from another location, and may not engage in any other type of business at or from the Premises.

4. SPECIFICATIONS OF EQUIPMENT

Franchisee shall conform to Franchisor's specifications with respect to the equipment, furniture, fixtures and exterior and interior signs required for the Franchised Business.

Specifications may include minimum standards for delivery, performance, designs and appearance and local zoning, sign and other restrictions. Franchisee may purchase or lease original and replacement equipment, furniture, fixtures and signs meeting such specifications from sources previously approved by Franchisor. Franchisee will notify Franchisor prior to dealing with any sources which have not been previously approved by Franchisor, and Franchisor may require submission of sufficient specifications, photographs, drawings and/or information and samples to determine whether such items of equipment, furniture, fixtures or signs meet its specifications. Franchisor shall advise Franchisee, within a reasonable time, whether such items of equipment, furniture, fixtures or signs meet its specifications. Franchisor, at its sole and exclusive option, may provide Franchisee with specifications and minimum standards for all or portions of the Franchised Business's construction, design and layout, which Franchisee agrees to follow.

5. RESTAURANT DEVELOPMENT

You are responsible for the construction and development of the Franchised Business. Within a reasonable amount of time after You execute this Agreement and upon Franchisee's written request, Franchisor will provide to You the most current specifications for the design and general layout of Your Franchised Business. Prior to commencing construction, You must comply, to Franchisor's sole satisfaction, with the following:

(a) You must engage an approved architect and engineer to prepare a site layout and working drawings for construction of Your Franchised Business, and submit to Franchisor a statement identifying the architect and engineer, describing the qualifications of each.

(b) You must submit to Franchisor for its approval, a site layout and working drawings adopting Franchisor's then-current plans and specifications for constructing, equipping, fixturing and furnishing the Franchised Business at the approved site in compliance with all applicable laws, regulations and ordinances (the "Plans"). The Plans must not be materially changed or modified without Franchisor's prior written consent: a change is material if it (1) affects the structural integrity of the Franchised Business, (2) changes the appearance, location, size or quality of the Franchised Business, (3) affects the appearance, furnishings or fixturing of the Franchised Business or (4) causes the Franchised Business to deviate from the standards then established for the System. Franchisor's approval of the Plans constitutes only a representation that the Plans comply with Franchisor's then-current plans and specifications for construction; such approval does not equate or constitute Franchisor's representation of compliance with Franchisee's landlord's construction criteria, if applicable, or state or local building requirements, for which Franchisee is solely responsible.

(c) Franchisee must employ an approved general contractor to construct the Franchised Business and complete all improvements and submit to Franchisor a statement identifying the general contractor and describing the general contractor's qualifications and financial responsibility.

(d) Franchisee must obtain all permits, certificates and licenses required for construction and completing improvements to the Franchised Business, including without limitation, those required by applicable zoning, access, utility, sign, building, health, safety, environmental laws, ordinances, rules and regulations.

(e) Should Franchisee fail to comply with any of the requirements set forth hereinabove in paragraphs (a) and (b), Franchisor, in its sole discretion, may agree to review the site layout and working drawings and require Franchisee to pay a Two Thousand Dollar (\$2,000) Plan Compliance Fee within ten (10) days of notice from Franchisor.

(f) Franchisee shall provide written notice to Franchisor of the date of commencement of construction of the Franchised Business within ten (10) days after such commencement. In accordance with the architectural and construction plans and specifications furnished to Franchisor, Franchisee shall complete, at Franchisee's sole expense, construction of the Franchised Business' premises within one hundred and eighty (180) days after the date of acquisition of a site approved by Franchisor, or earlier if required under the terms of the lease covering the Franchised Business' premises, exclusive of time lost by reason of events beyond Franchisee's control. Franchisor and its agents shall have the right to inspect the construction at any reasonable time. Franchisee shall provide Franchisor with written notice when construction is estimated to be thirty (30) days from completion, and shall open the Franchised Business promptly upon completion of construction, unless otherwise required under the terms of the lease. Franchisee and Franchisor agree that time is of the essence in the construction and opening of the Franchised Business and if, for any reason, Franchisee has failed to open the Franchised Business within six (6) months after the date of possession of the site has been made available to Franchisee, or such different date if specified in the lease, Franchisor may terminate this Agreement.

6. RESTAURANT REFURBISHING

Franchisee agrees to effect such remodeling, updating and/or refurbishing of the Franchised Business, in addition to regular maintenance and repair, from time to time, as is required by Franchisor in order to maintain or improve the appearance and efficient operation of the Franchised Business and/or increase its business potential.

7. TRAINING

(a) Prior to commencement of the initial training, the following events must occur:

(i) All applicants for training must be approved by Franchisor, which will not withhold its approval without good cause;

(ii) This Agreement, and any related agreements, must be executed by Franchisee and Franchisor;

(iii) Franchisee and the lessor of the Premises (or Franchisor) must have executed the lease (or sublease) for the Premises, and Franchisee shall have provided a copy thereof to Franchisor;

(iv) All outstanding amounts of money due and owing to Franchisor, or others, in connection with the franchise, must be paid.

(b) Training shall commence approximately five to six weeks prior to the scheduled opening date of the Franchised Business, and shall last for a period of approximately two (2) weeks.

(c) Training is mandatory for Franchisee (or its principal owner) and Franchisee's full-time restaurant manager ("Restaurant Manager"), and must be completed to Franchisor's satisfaction before the Franchised Business may be opened.

(d) All trainees, including Franchisee (or its principal owner) shall, at Franchisee's cost and expense, attend Franchisor's training program at such times, and at such places as specified by Franchisor. During the training program Franchisee (or its principal owner), and its Restaurant Manager, shall receive instruction, training and education in the operation of the Franchised Business. Franchisor shall impose reasonable charges for additional persons to attend initial training. Franchisee shall bear all personal expenses during the training program including, but not limited to, compensation, travel, food and lodging costs.

(e) Franchisee shall implement a training program for employees of the Franchised Business, in accordance with training standards and procedures prescribed by Franchisor, from time to time. Franchisee shall maintain, at all times during the Term of this Agreement, a staff of trained employees sufficient to operate the Franchised Business in accordance with this Agreement. Franchisee agrees not to employ any person who is required to complete a training program, but who fails or refuses to do so.

(f) Franchisee is responsible for hiring all employees of the Franchised Business and is exclusively responsible for the terms of their employment, including their compensation and training. Franchisee is solely responsible for all employment decisions for the Franchised Business, including those related to hiring, firing, remuneration, personnel policies, benefits, record keeping, supervision and discipline, and regardless of whether advice was received from Franchisor on these subjects.

(g) Franchisee (or its principal owner), or its Restaurant Manager, and any replacement Restaurant Managers shall attend additional training programs, sales meetings, operations meetings and conventions, as Franchisor may, from time to time, direct. Franchisor reserves the right to impose reasonable fees for such additional training. All expenses of Franchisee incurred in connection with attendance at training programs, sales meetings, operations meetings and conventions shall be borne solely by Franchisee.

8. OPERATION AND MANAGEMENT OF THE RESTAURANT

(a) In order to maintain the high quality and uniform standards associated with the System, and to promote and protect Franchisor's good will and reputation, Franchisee agrees from the day it opens the Franchised Business through expiration of the Term:

(i) To operate the Franchised Business exclusively as a Franchised Business under the Licensed Marks set forth in Exhibit A, in strict conformity with the Confidential Operations Manual referred to in Section 13, and not to engage in any other type of business at the franchised location;

(ii) To sell all food, menu items and other products required by Franchisor, and not to sell any other food, menu items or products at the Premises;

(iii) To equip, maintain, staff and operate the Franchised Business strictly in accordance with the methods, procedures and techniques as are, from time to time, established by Franchisor in its Confidential Operations Manual or otherwise;

(iv) To vigorously and aggressively promote the business, by making use of the advertising, sales promotion and merchandise materials and programs developed and prescribed, from time to time, by Franchisor.

(v) To keep the Franchised Business open for business the minimum number of days per week, and hours per day, prescribed by Franchisor, from time to time, or as required by the lease, if different from those prescribed by Franchisor;

(vi) To keep and maintain the Franchised Business, and its appearance, in a clean and orderly manner, consistent with the operation of a quality Franchised Business, and in accordance with the directives of Franchisor, which Franchisor deems necessary to protect the standards of quality and uniformity established by it for the System;

(vii) To comply, at all times, with Federal, State, City and other local laws, regulations and ordinances;

(viii) To maintain, at all times, sufficient food, supplies and personnel to operate the Franchised Business at maximum capacity and efficiency;

(ix) To file or register, as an assumed name, the Licensed Marks, as may be appropriate when utilized in connection with the operation of the Franchised Business, and any such required filings shall clearly indicate, and shall not be construed as granting Franchisee any right, title or interest, other than the license to use such names as granted in this Agreement, in or to such names;

(x) To operate the Franchised Business under the Licensed Mark(s), as determined and instructed by Franchisor, and under no other name. However, such usage shall not be construed as granting Franchisee any right, title or interest in such names other than pursuant to the terms and conditions contained in the license granted in this Agreement;

(xi) To use and display the Licensed Marks prominently and in such manner as may, from time to time, be directed in writing by Franchisor and not to use or display any other trade name, trademark, service mark, logo or designation;

(xii) To deal fairly and honestly with the public and with Franchisor;

(xiii) To require the Restaurant Manager to devote his full-time and best efforts to the operation of the Franchised Business;

(xiv) To pay, when due, any fines fees, penalties and taxes in connection with the operation of the Franchised Business;

(xv) To conform to all standards of quality and service prescribed by Franchisor, so as to sustain the good will and prestige that the proprietary marks enjoy with the public.

(b) Franchisee shall serve all the specified menu items described in Franchisor's Confidential Operations Manual, except insofar as Franchisor may, in writing, consent to the elimination of one or more of such menu items. All menu items shall be prepared and served in accordance with the recipes and specifications contained in such Confidential Operations Manual, or as otherwise directed by Franchisor, from time to time. Without the prior written approval of Franchisor, no foods or beverages other than such specified menu items will be served by the Franchised Business.

(c) If Franchisee shall, in any way, fail to maintain the standards of quality or service established by Franchisor, Franchisor shall have the right (in addition to its rights under the Franchise Agreement) to assign to the Franchised Business such person or persons as it deems necessary for the training of Franchisee's employees, and to insure that standards of quality and service are maintained. Franchisor's actual costs for each such person so assigned to the Franchised Business, plus travel and living expenses, shall be paid by Franchisee.

(d) Telephone booths, newspaper racks, juke boxes, gum machines, games, rides, or any coin vending machines will not be installed on the Premises without the written approval of Franchisor.

9. OPERATING ASSISTANCE

(a) Franchisor will furnish to Franchisee such operating assistance, in connection with the operation of the Franchised Business to the extent that if at all, Franchisor determines, from time to time, to be necessary. Operating assistance may include advice and guidance with respect to:

(i) Hiring and evaluating personnel;

(ii) Food preparation and supplying menus, recipes and food required by Franchisee in its operations;

(iii) Formulating advertising and promotional programs;

(iv) Evaluating and testing of new food developments and other improvements in the System, and in the Franchised Business.

(b) Franchisor will furnish to Franchisee the Confidential Operations Manual described herein, and other instructional and training material needed to provide guidance in the methods, procedures, recipes and techniques for operating the Franchised Business. Franchisor may furnish, from time to time, such other manuals, business information and literature, as Franchisor determines will be helpful in improving the operation of the Franchised Business.

(c) Franchisor may advise Franchisee, from time to time, of any operating problems experienced at the Franchised Business, which problems are disclosed in reports submitted to or inspections made by Franchisor. Franchisee may be required to correct these problems within seven (7) days, unless same pertain to violations of a health ordinance, in which case those problems must be corrected within twenty-four (24) hours after their occurrence.

(d) Except as otherwise provided herein, Franchisor will not charge Franchisee for such operating assistance, provided, however, that Franchisor shall have the right to make

reasonable charges for forms and other materials supplied to Franchisee, and for special operating assistance made necessary, in the judgment of Franchisor, as a result of Franchisee's failure to comply with any provision of this Agreement or the Confidential Operations Manual or any specification, standard or other operating procedure prescribed by Franchisor.

10. FEES

10.01 Fees Paid to Franchisor. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor the following fees:

A. The Franchisee shall pay a total Initial Franchise Fee of Twenty-Two Thousand Dollars (\$22,000), payable in full when Franchisor completes its pre-opening obligations.

The Initial Franchise Fee is fully earned when paid, and non-refundable except if otherwise expressly provided herein.

B. A continuing weekly royalty fee during the term of this Agreement in an amount equal to five percent (5%) of Franchisee's Gross Sales at the Franchised Business.

10.02 National Advertising Fund The Franchisee will be required to contribute weekly the amount that the Franchisor requires for the National Advertising Fund (defined in Paragraph 16.03) which amount shall not exceed 3% of Gross Sales at the Franchised Business. As of the date of this Agreement the Franchisee's required contribution to the National Advertising Fund is 1% of Gross Sales.

10.03 Collection of Continuing Fees and Other Payments. All fees (except for the Initial Franchise Fee) required under this Section 10 shall be paid to Franchisor through automatic debit of Franchisee's bank account on each Tuesday for the week ending the preceding Sunday. Payments should be made together with any weekly reports required under Paragraphs 15.02 and 16.03 of this Agreement. Before opening the Franchise Business, Franchisee must sign and deliver to the Franchisor and Franchisee's bank all documents needed to permit Franchisor to debit Franchisee's bank account for each week's Royalty and Service Fee payments and any other payments that Franchisee is required to pay to Franchisor. If the Franchisee fails to report Gross Sales, the Franchisor may debit the Franchisee's bank account in an amount equal to the amount transferred from the Franchisee's bank account the last reporting period for which a report of Gross Sales of the Franchised Business was provided to Franchisor, together with a late fee and/or interest for that amount at the lesser of 1½% per month or the maximum rate allowed by law. The Franchisor will credit, without interest, any overpayment against the next week's amount due. Any deficiency is debited from Franchisee's bank account.

10.04 Costs and Attorney's Fees. If a claim for amounts owed by Franchisee to Franchisor or any of its affiliates is asserted either in a default of the Franchise Agreement or in any judicial proceeding or appeal thereof, or if Franchisor is required to enforce the Franchise Agreement in a judicial or arbitration proceeding or appeal thereof, Franchisor, if it prevails in such proceeding, or if no proceeding is instituted, but a default of the Franchise Agreement arises and the Franchisor is required to enforce the Franchise Agreement, will be awarded its costs and expenses including, but not limited to, reasonable accounting, paralegal, expert witness, attorneys' fees (which shall include reasonable compensation for time spent by any in-house counsel or outside counsel on retainer), whether incurred prior to, in preparation for or in

contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of the Franchise Agreement. If Franchisor is required to engage legal counsel in connection with Franchisee's failure to pay when due amounts owing to Franchisor, submit when due any reports, information or records, or otherwise to comply with the Franchise Agreement, Franchisee will reimburse Franchisor for any of the abovementioned costs and expenses that it incurs.

10.05 Gross Sales. For the purposes of this Agreement, the term "Gross Sales" shall mean all revenues generated by Franchisee's business conducted upon, from or with respect to Franchisee's Franchised Business, whether such sales are evidenced by cash, check, credit, charge, account or exchange. Gross Sales shall include, without limitation, monies or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at Franchisee's Franchised Business, including without limitation such off-premises services as catering and delivery. Gross Sales shall not include the sales of food or merchandise for which refunds have been made in good faith to customers, nor shall it include sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers; provided that the amount for such tax is added to the selling price or absorbed therein, and is actually paid by Franchisee to such governmental authority.

11. DUTIES OF FRANCHISEE

Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor, and other System franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services sold by all System franchisees, and to protect Franchisor's reputation and goodwill. Commencing on the date of signing this Franchise Agreement, Franchisee shall be bound by all the duties set forth in this Section 11 and each sub-paragraph thereof.

11.01 Adherence to Quality Standards. Franchisee shall operate the Franchised Business in conformity with such uniform methods, standards, and specifications as Franchisor may from time to time prescribe in the Confidential Operating Manual or otherwise in writing to insure that the highest degree of quality and service is uniformly maintained. Franchisee recognizes and agrees that Franchisor may from time to time change or modify its standards of operation, including the adoption of new food products and preparations, procedures and programs. Franchisee shall accept and conform to such changes or modifications, and shall make all reasonable expenditures necessitated by the changes or modifications, within the time periods reasonably established by Franchisor. Franchisee further agrees:

A. To maintain in sufficient supply, and use at all times, only such products, materials, ingredients, supplies and paper goods as conform to Franchisor's standards and specifications, and to refrain from deviating therefrom by using nonconforming items, without Franchisor's prior written consent.

B. To purchase from Franchisor or its designated supplier only those proprietary products prescribed by Franchisor and deemed to be a proprietary aspect of the System. Franchisee acknowledges that the prescribed proprietary products are distinctive, are of high quality and have been specially produced and that the reputation and goodwill of the Franchised Business and the Licensed Marks is inherently tied to and can only be maintained by the sale of the prescribed proprietary products.

C. To meet and maintain the highest governmental standards and ratings applicable to the operation of the Franchised Business, including without limitation, standards for dairy product quality.

D. To use at the Franchised Business only menus which comply with the style, pattern, and design prescribed by Franchisor in the Confidential Operating Manual or otherwise in writing.

E. To sell or offer for sale only such products and menu items as meet Franchisor's uniform standards of quality and quantity, as have been expressly approved for sale in writing by Franchisor, and as have been prepared in accordance with Franchisor's methods and techniques; to sell or offer for sale all approved items; to refrain from any deviation from Franchisor's standards and specifications for serving or selling the same without Franchisor's prior written consent; and to discontinue selling and offering for sale any such items as Franchisor may, in its discretion, disapprove in writing at any time.

F. To permit Franchisor or its agents, at any reasonable time, to remove from the premises of the Franchised Business, at Franchisor's option, certain samples of any inventory items without payment therefore, in amounts reasonably necessary for testing by Franchisor or an independent, certified laboratory to determine whether said samples meet Franchisor's then current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications.

11.02 Decor Requirements. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, signs, and equipment as Franchisor may reasonably direct from time to time in the Confidential Operating Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Franchised Business premises, without Franchisor's prior written consent, any equipment or other improvements not previously approved as meeting Franchisor's standards and specifications.

11.03 Products and Supplies. Franchisee shall purchase all equipment, supplies and other products and materials required for the operation of the Franchised Business solely from suppliers who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's reasonable standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor and not thereafter disapproved. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent, certified laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria.

11.04 Inspection. Franchisee shall grant Franchisor and its agents the right to enter upon the Franchised Business' premises at any time for the purpose of conducting inspections; cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, take such steps as may be necessary immediately to correct the deficiencies detected during any such inspection, including, without limitation, immediately desisting from the further use of any equipment, promotional materials, products, or supplies that do not conform with Franchisor's then-current specifications, standards, or requirements.

11.05 Notice of Adverse Action. Franchisee shall immediately notify Franchisor in the event Franchisee makes a general assignment for the benefit of creditors, a petition in bankruptcy is filed by or against Franchisee, a bill in equity or other proceedings for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed, any proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee, a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), execution is levied against Franchisee's Franchised Business or property, or suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee.

11.06 Other Duties. Franchisee shall comply with all other duties and requirements set forth in this Agreement.

12. LICENSED MARKS

12.01 Limitation on Use. It is understood and agreed that this franchise to use the Licensed Marks applies only to their use in connection with the operation of the Franchised Business at the location approved by Franchisor in Section 3 of this Franchise Agreement and includes only such Licensed Marks set forth in Exhibit A or as may be designated by Franchisor in writing for use by Franchisee, and no other Licensed Marks of Franchisor now existing or yet to be developed or acquired by Franchisor. Franchisee agrees to operate and advertise the Franchised Business only under the Licensed Marks specified in Exhibit A and/or designated by Franchisor in writing for that purpose (or under such other name or mark as Franchisor may designate in writing, if Franchisee is prevented by applicable law from using any of the Licensed Marks owing to their prior registration or use by a third party).

12.02 Acknowledgment of Ownership. As between the parties, Franchisee acknowledges Franchisor's ownership of all right, title, and interest in and to the Licensed Marks, the identification schemes, standards, specifications, operating procedures, and other concepts embodied in the System. Franchisee accordingly agrees that any unauthorized use of the System and the Licensed Marks is and shall be deemed an infringement of Franchisor's rights; that, except as expressly provided by this Agreement, Franchisee acquires no right, title, or interest therein; that any and all goodwill associated with the System and the Licensed Marks shall inure exclusively to Franchisor's benefit; and that, upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System and the Licensed Marks.

12.03 Infringement and Contesting of Marks. Franchisee acknowledges that the use of the Licensed Marks outside of the scope of this franchise, without Franchisor's prior written consent, is an infringement of Franchisor's exclusive right, title and interest in and to the

Licensed Marks, and expressly covenants that during the term of this franchise, and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of ownership of Franchisor's Licensed Marks, or take any other action in derogation thereof.

12.04 Franchisee Notification. Franchisee shall promptly notify Franchisor of any use by any person or legal entity other than Franchisor or another of its franchisees of any Licensed Marks licensed hereunder, any colorable variation thereof, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify Franchisor promptly of any litigation instituted by any person or legal entity against Franchisor or Franchisee involving the Licensed Marks. In the event Franchisor, in its sole discretion, undertakes the defense or prosecution of any litigation relating to the Licensed Marks, Franchisee agrees to execute any and all documents, and to render such assistance as may, in the opinion of Franchisor's counsel, be reasonably necessary to carry out such defense or prosecution. Franchisor makes no warranty, express or implied, as to the use, validity or enforceability of the Licensed Marks.

12.05 Corporate Name. Franchisee shall not, without Franchisor's prior written consent, use the Licensed Marks as part of the Franchisee's corporate, limited liability company, limited liability partnership or other legal entity, nor hold out or otherwise employ the Licensed Marks to perform any activity, or to incur any obligations or indebtedness, in such a manner as could reasonably result in making Franchisor liable therefore.

12.06 Nonexclusive License. Franchisee expressly acknowledges and agrees that this license of the Licensed Marks is nonexclusive, and the Franchisor has and retains the rights, among others:

A. To grant other franchises for the Licensed Marks, in addition to those franchises already granted to existing franchisees;

B. To use the Licensed Marks in connection with the sale of food and other products at wholesale and retail at any location outside of the Premises described in Paragraph 3(a) of this Agreement.

C. To develop and establish other systems for the same or similar products or services utilizing the same or similar Licensed Marks, or any other Licensed Marks, and to grant franchises thereto without providing Franchisee any right therein.

12.07 Standards of Practice. In order to develop and maintain high and uniform standards of quality and service and hence to protect and enhance the reputation and goodwill of Franchisor, and the efficacy of the System, Franchisee agrees:

A. To adopt and use the Licensed Marks solely in the manner prescribed by Franchisor.

B. To refrain from using any of the Licensed Marks in conjunction with any other word or symbol without Franchisor's prior written consent.

C. To observe all such requirements with respect to service marks, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

D. To use, promote and offer for sale under the Licensed Marks only those products and services which meet Franchisor's prescribed standards and specifications, as they may be revised and amended by Franchisor from time to time in the Confidential Operating Manual or otherwise in writing.

E. To execute all documents requested by Franchisor or its counsel that are necessary to obtain protection for the Licensed Marks or to maintain their continued validity or enforceability, and to take no action that would jeopardize the validity or enforceability thereof.

12.08 Change of Licensed Marks. If it appears to Franchisor that protection of one of its names or marks is no longer viable commercially or legally, Franchisor has the right to change its name or mark to another of similar marketing impact. In such event Franchisee agrees to cooperate with Franchisor in changing all signs, graphics and supplies. Franchisee agrees to assume all reasonable costs connected with such changes.

12.09 Use of Licensed Marks and the Internet.

(a) Franchisee acknowledges that Franchisor is the owner of all right, title and interest in and to the Licensed Marks. Franchisor has obtained the right from its affiliate to license Franchisee to use the Licensed Marks, in accordance with the terms and conditions of this Agreement. Franchisee's right to use the Licensed Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement. Franchisee's unauthorized use of any of the Licensed Marks constitutes a breach of this Agreement and an infringement of Franchisor's rights to the Licensed Marks. This Agreement does not confer on Franchisee any goodwill or other interests in the Licensed Marks. Franchisee's use of the Licensed Marks and any goodwill established thereby inures to Franchisor's exclusive benefit.

(b) Franchisee agrees to use each such Licensed Mark only in compliance with rules prescribed from time to time by Franchisor. Franchisee shall not use any of the Licensed Marks as part of any corporate name, or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to Franchisee hereunder), nor may Franchisee use any of the Licensed Marks in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by Franchisor.

(c) Franchisee shall immediately notify Franchisor of any apparent infringement or challenge to Franchisee's use of the Licensed Marks. Franchisor shall have sole discretion to take such action as it deems appropriate.

(d) If it becomes advisable at any time in the sole discretion of Franchisor for Franchisee to modify or discontinue use of any of the Licensed Marks and/or use one or more additional or substitute proprietary marks, Franchisee agrees to do so, and the sole obligation of Franchisor, in any such event, shall be to reimburse Franchisee for the direct costs of complying with its obligation.

(e) Franchisee shall not contest, directly or indirectly, Franchisor's ownership, title, right or interest in any proprietary mark, trade secret, method, procedure or advertising technique that is part of the System, or contest Franchisor's sole rights to register, use or license such proprietary marks, trade secrets, methods, procedures and techniques or any other trademark, service mark, logo or trade name which are developed by Franchisor or its affiliates and are derivatives of the Licensed Marks which are related to Franchisor's business.

(f) All provisions of this Agreement applicable to the Licensed Marks, shall apply to any trade names, trade and service marks, logos and other commercial symbols, and any patents or copyrights hereafter licensed to Franchisee by Franchisor.

(g) Franchisee may not maintain a World Wide Web site or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the franchised business without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason. Franchisee agrees to submit to Franchisor for approval before use true and correct printouts of all Web site pages Franchisee proposes to use in its Web site in connection with the franchised business. Franchisee understands and agrees that Franchisor's right of approval of all such Web materials is necessitated by the fact that such Web materials will include and be inextricably lined with Franchisor's Licensed Marks. Franchisee may only use material which Franchisor has approved. Should Franchisor grant Franchisee the right to establish a Web site, Franchisee's Web site must conform to all of Franchisor's Web site requirements, whether set forth in its Manual or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires. If Franchisor grants approval for a Web site, Franchisee may not use any of the Licensed Marks at the site except as Franchisor expressly permits. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on its Web site without Franchisor's prior written permission. If Franchisee wishes to modify its approved site, all proposed modifications must also receive Franchisor's prior written approval. Franchisee explicitly understands that it may not post on its Web site any material which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrights test, trademarks or service marks, or any other text or image which any third party may claim intellectual property ownership interests in). Franchisee agrees to list on its Web site, should Franchisor ever grant Franchisee the right to have a Web site, any Web site maintained by Franchisor, and any other information Franchisor requires in the manner Franchisor dictates. Franchisee agrees to obtain Franchisor's prior written approval for any Internet domain name and/or home page address. The requirement for Franchisor's prior approval set forth in this Paragraph will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one or more E-mail addresses and may conduct individual E-mail communications without Franchisor's prior written approval. Franchisee agrees to obtain Franchisor's prior approval as provided above if Franchisee proposes to send advertising to multiple addressees via E-mail.

(h) Franchisee agrees to participate as a user of Franchisor's Intranet service and to pay the monthly user fee billed Franchisee by Franchisor. All amounts billed by Franchisor for user fees shall be due and payable by Franchisee when billed by Franchisor.

13. CONFIDENTIAL OPERATING MANUAL

13.01 Loan of Manual. In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Licensed Marks, Franchisee shall

conduct its business in accordance with Franchisor's Confidential Operating Manual (hereinafter the "Manual"), one copy of which Franchisee shall receive on loan from Franchisor for the term of this Agreement. The Confidential Operating Manual shall at all times remain the sole property of Franchisor.

13.02 Confidentiality of Manual. Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

13.03 Revisions to Manual. Franchisee recognizes and agrees that Franchisor may from time to time change or modify its standards of operations, including the adoption of new food products and preparations, procedures and programs, as outlined in the Confidential Operating Manual. Franchisee shall accept and conform to such changes or modifications, and shall make all expenditures necessitated by the changes or modifications, within the time periods reasonably established by Franchisor; provided, however, such changes shall not unreasonably increase Franchisee's obligations or place an excessive economic burden on Franchisee's operations. Franchisee shall at all times insure that its copy of the Manual is kept current and up-to-date, and in the event of any dispute as to the contents of said Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

13.04 Incorporation of Manual. The Confidential Operating Manual is intended to further the purposes of this Agreement, and is specifically incorporated into this Agreement.

14. CONFIDENTIAL INFORMATION

Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, corporation or limited liability corporation any confidential information, knowledge, or know-how concerning the construction and methods of operation of the business franchised hereunder which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge and know-how, including, without limitation, drawings, materials, equipment, recipes, and other data, which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement. Franchisee shall assure that all persons including all its employees, partners, if Franchisee is a partnership, and corporate officers, directors and shareholders if Franchisee is a corporation, and members if Franchisee is a limited liability corporation, maintain the confidentiality of all information designated by Franchisor as confidential.

15. ACCOUNTING AND RECORDS

15.01 Accurate Books and Records. During the term of this Agreement, Franchisee shall maintain and preserve, for at least seven (7) years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Confidential Operating Manual or otherwise in writing. These records shall include without

limitation cash register receipts, cash register tape readings, meals, sales and other tax returns, duplicate deposit slips and other evidence of Gross Sales and all other business transactions.

15.02 Royalty Reports. Franchisee shall submit to Franchisor weekly, by facsimile, electronic mail or other system or systems the Franchisor designates on a system wide basis, no later than the date each Royalty and Service Fee payment (see Paragraph 10.03) is due during the term of this Agreement, a statement on forms prescribed by Franchisor, accurately reflecting all Gross Sales during the preceding week and such other data or information as Franchisor may require. Franchisee shall submit to Franchisor by the twenty-fifth (25th) day of each month copies of any state or local sales tax returns for the preceding month and a monthly operating statement in the form prescribed by Franchisor.

15.03 Quarterly Statement. Franchisee shall, at its expense, submit to Franchisor an unaudited quarterly profit and loss statement and balance sheet within fourteen days following the end of each calendar quarter during the term hereof. Each statement shall be signed by Franchisee attesting to its truth and accuracy.

15.04 Annual Statement. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days of the end of each calendar year during the term of this Agreement, a complete, financial statement for the preceding calendar year, including both a profit and loss statement and a balance sheet, together with a review report prepared by an independent public accountant and such other information in such form as Franchisor may require.

15.05 Other Reports. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Confidential Operating Manual or otherwise in writing. We may require electronic transmission of information on a periodic basis not to exceed one time per week.

15.06 Reporting Equipment. Franchisee shall record all sales on cash registers approved by Franchisor. Franchisor reserves the right to require Franchisee to obtain computer hardware and software for maintaining Franchisee's accounting books and records, which computer hardware may include point-of-sale and telecommunications devices, and which software may be a single program or set of programs in order to assure uniform reporting of financial information throughout the System, all of which must be obtained in accordance with the requirements of Paragraph 11.03 of this Agreement.

15.07 Franchisor's Right of Audit. Franchisor or its designated agents shall have the right at all reasonable times to examine by any means, including electronically, through the use of telecommunications devices or otherwise, at its expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If Franchisee fails to prepare the required documents for an audit meeting, Franchisee shall be required to pay an adjournment fee of Five Hundred Dollars (\$500) to Franchisor. Franchisor or its agents may apply any audit procedure which it, at its sole discretion deems necessary in order to properly conduct such audit, including, but not limited to, statistical sampling and other generally accepted auditing techniques. Franchisee agrees to be bound by such findings. If an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at

the maximum rate permitted by law. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

16. ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

16.01 Local Advertising Expenditure. Each month after the Franchised Business has first been opened for business, Franchisee shall spend on local advertising and promotion (in addition to and not in lieu of any advertising contribution that may be required under Sections 10 and 16 hereof), an amount which shall be deemed the "Local Advertising Expenditure".

A. The Local Advertising Expenditure shall be equivalent to three percent (3%) of the Gross Sales each calendar quarter at the Franchised Business if the Franchised Business is not located in a Regional Shopping Mall, Urban Retail Center, Major Office Building, Airport or Institutional Feeding Facility. Since there is a National Advertising Fund, there will be no Local Advertising Expenditure for the Franchised Business if it is located in a Regional Shopping Mall, Urban Retail Center, Major Office Building, Airport or Institutional Feeding Facility.

B. The Local Advertising Expenditure shall be spent by Franchisee, each month, as set forth in Section 16. hereof.

C. If the Franchised Business is not located in a Regional Shopping Mall, Urban Retail Center, Major Office Building, Institutional Feeding Facility or Airport then Franchisee must expend a minimum of Three Thousand Dollars (\$3,000.00) during the first thirty (30) days of operation on grand opening advertising. This shall include the purchase of a grand opening media kit from Franchisor or its designee. Franchisor shall advise Franchisee on how to expend such grand opening advertising monies, but Franchisor makes no representations concerning the extent or effectiveness of such advertising and promotion.

16.02 Definitions. As used herein, the terms "Regional Shopping Mall" "Urban Retail Center", "Major Office Building", "Institutional Feeding Facility" and "Airport" shall have the following meanings:

A. A Regional Shopping Mall shall be deemed to mean a retail shopping center or other concentration of retail stores which has a contiguous area, whether or not enclosed, in which there is in excess of 500,000 square feet of gross leaseable retail space.

B. An Urban Retail Center shall be deemed to mean: (i) an enclosed area specially designed to attract tourists which features food-serving businesses, (ii) located in the central business district of a city (or other relevant political subdivision) with a population of at least 250,000, (iii) in which area are located at least 50 retail establishments, and (iv) in which there is in excess of 100,000 square feet of gross leaseable retail space.

C. A Major Office Building shall be deemed to mean an office building in which there is in excess of 100,000 square feet of gross leaseable space, whether retail or non-retail.

D. An Institutional Feeding Facility shall be deemed to mean hospitals, hotels, and corporate and school cafeterias.

E. An Airport shall be deemed to mean any public or private airport.

16.03 National Advertising Fund. Franchisee acknowledges that Franchisor has established a National Advertising Fund (the "Fund") for the System. Franchisee agrees that Franchisee shall make contributions to the Fund as required under Paragraph 10.02 hereof and file reports weekly by facsimile, electronic mail or such other system or system as the Franchisor may designate on a system wide basis (or we may require that you send the reports manually), and that the Fund shall be maintained and administered by Franchisor or its designee, as follows:

A. Franchisor shall direct all advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Licensed Marks for the benefit of the System and that Franchisor and its designees undertake no obligation in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to insure that any particular franchisee benefits directly or pro rata from the placement of advertising.

B. Franchisor shall, for each of its company-owned restaurants, make contributions to the Fund equivalent to the assessments required of comparable Franchised Businesses within the System.

C. Franchisee agrees that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials for distribution by franchisees in the System). All sums paid by Franchisee to the Fund shall be maintained in a separate account from the other funds of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Fund.

D. A financial review of the Fund's operation shall be prepared annually and shall be made available to Franchisee upon request.

16.04 Advertising Standards. All advertising by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements in the Confidential Operating Manual. Franchisee shall submit to Franchisor for Franchisor's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. If written disapproval thereof is not received by Franchisee

within ten (10) days from the date of receipt by Franchisor of such materials, Franchisor shall be deemed to have given the required approval.

17. INSURANCE

17.01 Insurance Program.

(a) Franchisee shall purchase and, at all times during the term of the Agreement shall maintain in full force and effect, policies of insurance for the following coverage:

(i) All risk property insurance on contents, including improvements and betterments;

(ii) Commercial general liability insurance, to include personal injury, products liability and employers non-ownership automobile coverage;

(iii) Liquor law legal liability, in cases where the Franchised Business sells alcoholic beverages;

(iv) Sign coverage;

(v) Workers' compensation and employers' liability.

(b) Franchisee shall also purchase and, at all times during the term of the Agreement shall maintain in full force and effect, the following:

(i) Loss of income insurance in an amount sufficient to cover the Royalty and Service fees and National Advertising Fund fees due and payable hereunder, for a period of at least six months;

(ii) Rental value insurance in an amount sufficient to cover the rents and other fees due and payable to the Landlord and/or Merchants' Association under the Lease, if any, during any period of business interruption or inability to operate the Franchised Business.

The purchase and maintenance of such insurance shall not excuse Franchisee from willful failure or neglect to operate the Franchised Business in accordance with this Agreement or the Lease. In the event that Franchisor may be obligated to fulfill the terms of the Lease or other agreement, or act as Guarantor or Surety for Franchisee, then Franchisor may require that the proceeds of such insurance coverage be made payable directly to Franchisor and/or others designated by Franchisor.

(c) All policies of insurance required under this section shall be in such form, and such amounts as Franchisor shall reasonably determine, and with such companies duly authorized to do business in the state where the Franchised Business is located, and shall protect, as named insureds, Franchisee, Franchisor and any other party designated by Franchisor. Franchisee shall furnish Franchisor and other named insureds, and all other persons designated by Franchisor, with certificates issued by each of Franchisee's insurers indicating that all required insurance are in full force and effect and will not be terminated or changed without at least thirty (30) days prior notice thereto.

(d) Should Franchisee fail, or neglect to obtain or maintain, in continuous full force and effect, the insurance coverage required by this Agreement, or by the terms and conditions of the Lease then, and in such event, at its exclusive option and without prior notice to Franchisee, Franchisor may purchase and obtain the required insurance coverage, and Franchisee hereby specifically agrees to pay to Franchisor its costs and expenses in purchasing, obtaining and maintaining such coverage.

(e) Franchisee shall deliver copies of all such insurance policies or certificates of insurance to Franchisor prior to the opening of the Franchised Business. Upon failure of the Franchisee to deliver to Franchisor copies of such insurance policies or certificate of insurance within the required time then, and in such event, at its option and without prior notice to Franchisee (in addition to its rights under Section 17 hereof), Franchisor may purchase and obtain the required insurance coverage, and Franchisee hereby specifically agrees to pay to Franchisor its costs and expenses in purchasing, obtaining and maintaining such coverage.

(f) In any event, regardless of the provisions of this Paragraph, Franchisee shall indemnify, defend and hold Franchisor harmless against any loss, claim, action or award that would be covered by such insurance.

18. TRANSFERABILITY OF INTEREST

18.01 Franchisor Right to Transfer. Franchisor shall have the right to transfer or assign freely all or any part of its rights or obligations herein to any person or legal entity. Such transfer or assignment shall be binding upon and insure to the benefit of Franchisor's successors and assigns.

18.02 Transfer by Franchisee

A. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's business skill and financial capacity. Accordingly, neither Franchisee nor any immediate or remote successor to any party of Franchisee's interest in this franchise, including any trustee in bankruptcy, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this franchise without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Paragraph 19.02 of this Agreement and its subparagraphs.

B. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this franchise; provided, however, that prior to the time of transfer, including transfer by a trustee in bankruptcy, Franchisor may, in its sole discretion, require that:

1. The proposed transferee is of good moral character, has a good credit rating, has reasonable and sound business experience equal to or greater than that of the Franchisee, has sufficient financial resources to operate the Franchised Business and otherwise meets Franchisor's standards for franchisees;

2. The proposed transferee shall demonstrate to Franchisor that the transferee is able to operate the Franchised Business being transferred;

3. The proposed transferee (and its Owners), at Franchisor's option, shall have executed either a written assignment assuming all of the Franchisee's duties and obligations under this Agreement, or the transferee (and its Owners) shall execute a new Franchise Agreement and any other currently used agreements, on Franchisor's then-current forms;

4. The Franchisee shall have paid in full and otherwise have satisfied all of the obligations owing to Franchisor at or prior to the closing of the transaction;

5. If permitted by applicable law, Franchisee shall execute a general release, under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its respective directors, officers, employees, and agents;

6. The Franchisor must approve the economic terms and conditions of such transfer including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Franchised Business;

7. If the Franchisee finances any part of the sale price of the transferred interest, the Franchisee and/or its owner agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the Franchisee or its owners in the assets of the Franchised Business or the Premises shall be subordinate to the transferee's obligations to pay Royalty fees, Advertising Fund contributions, and other amounts due to the Franchisor;

8. The Franchisee must make such repairs and renovations to the Premises to conform to Franchisor's then-current standards for design, trade dress, decor, and equipment;

9. The proposed transferee, at his expense, shall agree to attend Franchisor's training program;

10. If the transferee is a corporation, limited liability company, partnership, or other association, or if the transferee is more than one person, the provisions of Section 18 shall apply to each principal or person. Franchisor may also require satisfactory proof that transferee is properly authorized to enter into the transaction and to perform the obligations of this Agreement; and

11. The Franchisee has paid to Franchisor a sales commission of eight (8%) percent of the gross selling price of the Franchised Business, the franchise, and all related assets (if Franchisor obtained the purchaser (transferee) for the Franchisee).

18.03 Additional Transferees

If the Franchisee is a corporation, limited liability company, partnership, association or venture by more than one person, changes in the shareholders, members, partners, associates or participants, in terms of ownership interest or number of shareholders, partners, associates, or participants, shall be deemed a transfer of this Agreement and shall require Franchisor's approval, which shall not be unreasonably withheld (as provided in this Agreement).

18.04 Corporate, Limited Liability Transferee

If a proposed transferee is a corporation, association or limited liability company, each shareholder of the corporation or member of the limited liability company shall jointly and severally guarantee the performance and full payment of the obligations under this Agreement.

18.05 Partnership Transferee

If a proposed transferee is a general or limited liability partnership, each partner, whether general or limited, shall jointly and severally guarantee the performance and full payment of the obligations under this Agreement.

18.06 Time Limitation

Any proposed transfer under Section 18 shall be deemed to have expired if not completed within ninety (90) days after Franchisor has waived its right of first refusal.

18.07 Transfer Fee

The Franchisee shall pay, prior to an approved transfer of the franchise, a transfer fee of twenty-five percent (25%) of the then-current Initial Franchise Fee to Franchisor to cover Franchisor's expenses with regard to any proposed transfer under this provision. If Franchisor exercises its rights to purchase, then such fee shall be waived, but in all other proposed transfers, the fee shall be paid by the Franchisee. No transfer fee shall be charged if Franchisee transfers its interest to a relative or heir.

18.08 Death of Franchisee

In the event of the death of the Franchisee, or the death of a shareholder, participant or partner of the Franchisee, Franchisor shall not withhold consent to the transfer of the franchise interest to the Franchisee's spouse or children whether by will or intestacy, or to the disposition of the franchise interest by the decedent's fiduciary or personal representative, provided that the following conditions and terms shall be met prior to Franchisor giving any consent:

(a) The fiduciary or personal representative of the decedent and the distributee or transferees shall have met the conditions in Paragraph 18.02 and its subparagraphs herein.

(b) Franchisor shall have a right of first refusal as provided in Paragraph 18.10 herein only if the transfer is for legal consideration.

(c) Franchisor shall be provided with satisfactory proof of the authority of any fiduciary or personal representative and the right of any distributee to claim or receive an interest in the franchise.

(d) If the transferee is a corporation, limited liability company, association or partnership comprised of persons other than the decedent's surviving spouse and children, the transferee shall also comply with the provisions of Paragraphs 18.03, 18.04 and 18.05 herein.

18.09 Operation After Death

At the request of the fiduciary or personal representative of a deceased Franchisee, Franchisor, if in its sole discretion deems it desirable, may provide a manager to operate the business. In such case, the manager's salary and expenses, including but not limited to, travel, room, board, meals and other direct expenses, shall be paid for by the deceased Franchisee's personal representative or fiduciary, but only in such person's representative capacity. Franchisor, upon fifteen (15) days' notice, may, with or without cause, remove its personnel (including the manager) from the Franchised Business and terminate the services under this Paragraph.

18.10 First Refusal

If Franchisee or any of its owners desires to transfer this Agreement for legal consideration, Franchisee or such owner must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least 5% of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from Franchisee or any of its owners or affiliates (other than rights under other franchise agreements for the Franchised Business) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to Franchisor, and the price and terms of purchase offered to Franchisee or its owners for the transfer of this Agreement must reflect the bona fide price offered therefore and may not reflect any value for any other property or rights.

Franchisor has the option, exercisable by notice delivered to Franchisee or its owners within 30 days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit shall be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than 90 days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters it deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of its right of first refusal. Franchisor may conduct such investigation and analysis in any manner it deems reasonably appropriate and Franchisee and its Owners must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities as Franchisor reasonably may require. If Franchisor does not exercise its option to purchase, Franchisee or its Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the transfer as provided in this Agreement, provided that if the sale to such offeror is not completed within 90 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee must promptly notify Franchisor and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30 day period following Franchisee's notification of the expiration of the 90 day period or the material change to the terms of the offer.

19. DEFAULT AND TERMINATION

19.01 Insolvency of Franchisee. Except as otherwise may be provided in the U.S. Bankruptcy Code, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee, or if Franchisee is adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or if execution is levied against Franchisee's Franchised Business or property, or suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of Franchisee's Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable. Such termination shall take effect regardless of Franchisee's compliance or failure to comply with Section 5 of this Agreement.

19.02 Grounds for Immediate Termination. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of written notice to Franchisee by Franchisor (in the manner set forth in Section 26 hereof), upon the occurrence of any of the following events:

A. If Franchisee fails to commence operation of the Franchised Business pursuant to the time set forth in Sections 3 and 5, or ceases to operate the Franchised Business, or loses the right to possession of the premises or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee, the premises are damaged or destroyed by a disaster such that they cannot, in Franchisor's judgment, reasonably be restored, then in either such event this Agreement shall not be terminated for that reason for sixty (60) days thereafter, provided Franchisee applies within that time for approval to relocate, for the remainder of the term hereof, to other premises, which approval shall not be withheld unreasonably.

B. If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the System, the Licensed Marks, the goodwill associated therewith, or Franchisor's interest therein.

C. If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business.

D. If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent, contrary to the terms of Section 18 of this Agreement.

E. If Franchisee fails to comply with the in-term covenants set forth in Paragraph 22.02 hereinafter.

F. If Franchisee discloses or divulges the contents of the Confidential Operating Manual or other trade secrets or confidential information provided Franchisee by Franchisor contrary to Sections 13 and 14 hereof.

G. If an approved transfer is not effected within a reasonable time following Franchisee's death or permanent incapacity as required in Paragraph 18.06 hereof.

19.03 Termination With Notice. Except as otherwise provided in Paragraphs 19.01, 19.02 and the subparagraph of 19.02 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement only by providing written notice of termination (in the manner set forth in Section 26 hereof) stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination, except for non-payment of monies for which Franchisee shall receive only ten (10) days' prior written notice; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's sole satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, then this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the applicable ten (10) day or thirty (30) day period, or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

A. If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor, Franchisee's landlord or any supplier, when due, or to submit the financial information required by Franchisor under this Agreement, or makes any false statements in connection therewith, including the intentional understatement of Gross Sales;

B. If Franchisee fails to maintain the standards that Franchisor requires pursuant to this Agreement or the Confidential Operating Manual or other operating memoranda in any franchise operation licensed by Franchisor and operated by Franchisee;

C. If Franchisee changes any aspect of the food preparation and service system;

D. If Franchisee closes Franchisee's Franchised Business for a period of three (3) or more consecutive business days, without the prior written approval of Franchisor, or otherwise violates any provision of the lease or sublease under which the Franchised Business is operated, or otherwise loses the right of possession of the leased premises;

E. If Franchisee, by act or omission, suffers a continued violation, in connection with the operation of the Franchised Business, of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom;

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

G. If Franchisee misuses or makes any unauthorized use of the Licensed Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein.

Notwithstanding the foregoing, if Franchisee shall be late in the payment of royalties or any other monies due to Franchisor or its affiliates, two (2) times in any twelve month period, then Franchisor retains the right to terminate this Agreement automatically and without further notice, even if Franchisee has cured all prior monetary defaults.

19.04 Franchisor's Step-In Rights. In the event of any of the foregoing defaults, Franchisor may at its option exercise its Step-in-Rights as defined in Section 21. These Step-in-Rights shall be in addition to any other rights or remedies which Franchisor may have hereunder, at law or in equity.

20. OBLIGATIONS UPON TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

20.01 No Longer a Franchisee. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

20.02 Cease Use of Marks. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, format, improvements, methods, procedures, and techniques associated with the System; the name set forth in Exhibit A, and any Licensed Marks and distinctive trade dress and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, furniture, fixtures, equipment, advertising and promotional materials, stationery, forms and any other articles which display the Licensed Marks or trade dress associated with the System; provided, however, that this paragraph shall not apply to the operation by Franchisee of any other franchise under the System which may be granted by Franchisor to Franchisee.

20.03 De-Identify Premises. Franchisee agrees, that upon termination or expiration, Franchisee shall de-identify the Premises and shall not use any reproduction, counterfeit, copy or colorable imitation of the Licensed Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Licensed Marks and further agrees not to utilize any trade dress or designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make modifications or alterations to the Franchised Business premises (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to prevent the operation of any business thereon by himself or others in derogation of this Section 20, and shall make such specific additional changes thereto to comply with the requirements of this Section. Franchisor shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

20.04 Prompt Payment. Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, machinery, fixtures and equipment owned by Franchisee and on the premises at the time of default.

20.05 Costs of Obtaining Injunctive Or Other Relief. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of Section 20.

20.06 Return of Franchisor's Materials. Franchisee shall immediately turn over to Franchisor all manuals, records, files, instructions, correspondence, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

20.07 Right to Purchase. Franchisor shall have the right (but not the duty) to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all improvements, equipment, advertising and promotional materials, inventory, and menus and other items located on the Franchise premises, at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and his/her determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefore.

20.08 Right to Acquire Premises. If requested by Franchisor, Franchisee shall assign the lease, if any, for the premises of the Franchised Business to Franchisor. If the Franchised Business' premises are owned by Franchisee, or any person with an interest in Franchisee, if Franchisee is a corporation or partnership or limited liability company, and Franchisee or such person desires at any time within one (1) year following termination of this Agreement to accept any bona fide offer to purchase its interest in the premises from a third party, Franchisee or such person shall notify Franchisor in writing of each such offer, and Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to Franchisee or such person that Franchisor or its nominee intends to purchase Franchisee's or such person's interest on the same terms and conditions offered by the third party. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor or its nominee as in the case of an initial offer.

20.09 Compliance With Restrictive Covenants. Franchisee shall comply with the covenants contained in Section 22 of this Agreement.

20.10 Execution of Documents. Franchisee shall execute such documents as Franchisor may reasonably require to effectuate termination of the franchise and Franchisee's rights to use the trademarks and systems of Franchisor.

21. STEP-IN RIGHTS

21.01 Cause for Step-In. If Franchisor determines in its sole judgment, or if default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the franchise system and thereby lessen its value, Franchisee authorizes Franchisor to operate its Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the Franchised Business, if without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due all taxes and assessments against the premises or equipment used in connection with Franchisee's business; Franchisee has failed to pay when due any and all liens or encumbrances of every kind placed upon or against Franchisee's business property or Franchisee has failed to pay in a timely manner rent or monies owed suppliers, or other business expenses when they are due; or Franchisor determines that operational problems require that Franchisor operate Franchisee's restaurant for a period of time.

21.02 Duties of Parties. Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In-Rights by Franchisor, Franchisee agrees to hold harmless Franchisor and Franchisor's representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorney fees and costs incurred as a consequence of Franchisor's exercise of its Step-In-Rights.

22. COVENANTS

22.01 Application of Covenants. Franchisee covenants-that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall (and shall require its designated managers to) devote requisite time, energy and best efforts to the management and operation of the business franchised hereunder. Unless otherwise specified, the term "Franchisee" as used in this Section shall include, collectively and individually, all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; the general partners, members and any limited partner (including any corporation and the officers, directors and holders of a beneficial interest of five percent (5%) or more of securities, of a corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership.

22.02 In-Term Restrictive Covenants. Franchisee covenants that during the term of this franchise, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

A. Divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform,

directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System.

B. Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly to induce such person to leave his or her employment thereat.

C. Own, maintain, engage in, or have any other interest in a restaurant using the System or any restaurant selling food or products substantially similar to those sold in the Franchised Business and which is located within certain areas (as described below). This prohibition will not be interpreted to prevent the Franchisee's ownership of less than five percent of the outstanding equity securities in any publicly-held corporation, or the ownership of other franchises granted by the Franchisor

1. Within a radius of fifteen (15) miles of the location franchised hereunder, or

2. Within a radius of three (3) miles of any other restaurant franchised by Franchisor under the Licensed Marks designated in Exhibit A then in existence; provided, however, that this provision shall not apply to the operation by Franchisee of any other franchise which may be granted by Franchisor to Franchisee; and provided, further, that this provision shall not apply to any ownership by Franchisee of less than five percent (5%) of the outstanding equity securities in any publicly held corporation.

22.03 Post-Term Restrictive Covenants. Franchisee covenants that for a period of two (2) year after the expiration or termination of this Agreement, regardless of the cause of termination, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for himself or through, on behalf of or in conjunction with any other person, persons, limited liability company, partnership, corporation or any other legal entity:

A. Do or engage in any act proscribed in Paragraph 22.02 and its subparagraphs of this Agreement, which are hereby incorporated by reference as if more fully set forth herein; or

B. Own, maintain, engage in, or have any interest in any restaurant business franchised by Franchisor under the Licensed Marks designated in Exhibit A with provisions of this Agreement, or by mutual agreement of the parties hereto, or if this Franchisee agrees that for a period of two (2) years commencing on the effective date of termination or expiration, Franchisee and any individual owners, partners, officers or stockholders (and the stockholder(s) of the stockholder, if the stockholder is a corporation) and affiliates of Franchisee will not engage, directly or indirectly, as an owner (except of publicly traded securities), partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in a restaurant business the same or similar to the Franchised Business: (a) located at the Premises; (b) located within a fifteen (15) mile radius of the Premises; or (c) within a five (5) mile radius of any other restaurant franchised by Franchisor under the Licensed Marks set forth in Exhibit A, whether the same is operated by Franchisor or by another franchisee under any of the Licensed Marks. This Section shall not be applicable to Franchisee's existing locations on the attached schedule.

22.04 Information Exchange. All ideas, concepts, methods and techniques useful to a restaurant business, whether or not constituting protectable intellectual property, that Franchisee creates or that are created on Franchisee's behalf, shall be promptly disclosed to Franchisor. If