

ITEM 1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

In this offering circular, we are: "GGFC" (Galardi Group Franchise Corp.). GGFC was incorporated in California on August 9, 1982. "GGI" is Galardi Group, Inc. GGI was incorporated in California on July 29, 1964. "GGFL" is Galardi Group Franchise & Leasing, LLC, which was organized in California on December 3, 2002.

We have some affiliates (that is, companies that control us or are under common control with us). Galardi Group Realty Corp. ("GGRC") is a California corporation that will provide services to you such as leasing or subleasing real property. GGFL is a subsidiary of GGI and in 1998 became the owner of all the franchise and restaurant operating assets previously owned by GGI. GGFL will provide services to you in operating your restaurant and may lease restaurant equipment to you. We don't have a predecessor in the sense of someone who we acquired most of our assets from.

Our home office is 4440 Von Karman Avenue, Suite 222, Newport Beach, California 92660. Our agent for service of process and regulatory agencies are disclosed in Exhibit "1".

For simplicity, "we" and "us" means one or more of GGFC and may include one or more of our affiliates when the distinction is not material for your review of this Offering Circular. "You" means the franchisee or the person or legal entity (includes a corporation, partnership, LLC or other legal entity (collectively "legal entity") and their owners, officers and directors) who is buying the franchise.

We franchise quick service restaurants, called Original Hamburger Stand, featuring hamburgers, hot dogs, french fries, drinks and a variety of related menu items. We offer four basic franchise programs, as follows:

A. In a "Full Franchise", you sign a franchise agreement with us. You purchase, lease or sublease the location for your restaurant and the furniture, fixtures and equipment. Depending on whether you develop the location or we do, you may lease or sublease the real property and furniture, fixtures and equipment from other persons or entities or GGRC or GGFL. You hire your employees and operate your restaurant.

B. A "Limited Franchise" is a franchise on a month-to-month basis. You lease the location and the furniture, fixtures and equipment from GGFL and GGRC. You hire your employees and operate your restaurant.

There is a well-developed market for quick service restaurants. Your customers will be all types of consumers who want a good meal served quickly at a reasonable price. You will compete with other restaurants as well as numerous other quick service restaurants including franchises, chains and individually owned restaurants.

You must comply with laws on operating a restaurant, health, safety and sanitation laws which also include health department inspections, and food labeling laws. This also includes the Hazard Analysis and Critical Control Point, or HACCP food safety program adopted by the U. S. Food & Drug Administration. Laws in some states require you to employ a person who is certified in food safety. As an employer, you must comply with laws on minimum wages, overtime, maximum working hours, working conditions, unlawful discrimination, and restricting employment of children. Your restaurant may also be subject to laws on disposing hazardous wastes.

Either GGFC, GGFL or GGI or all have operated Original Hamburger Stand restaurants since 1982 and offered franchises for them since 1982.

We have also offered, since 1964, franchises for Wienerschnitzel restaurants, featuring limited menus of fast food items, including hamburgers, french fries and soft drinks. There are 349 Wienerschnitzel restaurants. We don't engage in other business activities. An affiliate has offered, since May 2003, franchises for Tastee-Freez store/restaurant businesses. There are 103 Tastee-Freez stores/restaurants.

ITEM 2. BUSINESS EXPERIENCE

Chairman and Chief Executive Officer: John N. Galardi

Mr. Galardi has been GGFC's Chairman and Chief Executive Officer since incorporation in 1982. He has been a director and chief executive officer of GGI since 1964.

President and Chief Operating Officer: D. Dennis Tase

Mr. Tase has been GGFC's President and Chief Operating Officer since April, 1993. He also became President and Chief Operating Officer of GGI at that time. From January, 1986 until April, 1993, he was our Wienerschnitzel division President.

Chief Financial Officer, Treasurer^{DELETION} & Vice President: Ken Wagstaff

Mr. Wagstaff has been GGFC's and GGI's Chief Financial Officer since July, 2001. He also became Treasurer, Secretary and Vice President of GGFC and GGI at that time. From October, 1987 until July, 2001, he was our Accounting Manager and Controller.

Vice President of Development & Secretary: Robert E. Mathews

Mr. Mathews has been our Vice President of Development and Secretary since March 2006.

Director of Training: Robert Evins

Mr. Evins has been our director of franchise training since 1972.

ITEM 3. LITIGATION

I. Concluded Litigation:

A. GGI and/or GGFC was a party in the following concluded litigation:

(1) Psarras ("Psarras") v. Galardi Group Franchise & Leasing, Inc. ("Galardi"), et al. (2nd Judicial District Court of the State of Nevada in and for the County of Washoe Case No. CV02-06336). On October 28, 2002 Psarras alleged breach of contract(s), negligent & intentional misrepresentation, intentional interference with contract, intentional interference with prospective economic advantage, breach of implied covenant of good faith and fair dealing, tortious bad faith, negligence and civil conspiracy. Psarras sought \$10,000 in general damages, \$10,000 in special damages, \$10,000 in punitive damages & attorney's fees & costs. Galardi cross-complained for breach of contract, breach of guaranty, specific performance, breach of implied covenant & attorney's fees & costs. In September 2003, the parties signed a settlement agreement wherein Galardi paid Psarras \$25,000.

(2) Galardi Group, Inc. & Galardi Group Franchise Corp. ("Galardi") v. Sadik Diab, Ferhan Diab ("Diab"), Leon Theriault, Theriault Enterprises, Inc. ("Theriault"), Walid Bitar, Mostafa Bitar ("Bitar") (U.S. District Court, Central District of California, Case No. SACV97770AHS(EEx)) Galardi claimed Diab/Theriault continued using our trademarks and system at 2 locations after the franchise expired, and tried to sell the locations to the Bitars, in a transaction that would not be concluded until after the franchises expired. Galardi also claimed fraud in a transaction between them at one location, and fraud in concealing revenues at another location. In counterclaims, the Diabs and Theriaults requested declaratory relief and claimed Galardi breached the implied covenant of good faith and fair dealing, violated the California Franchise Relations Act in not renewing the franchises, and hurt the value of the franchises. On June 29, 1998, the parties entered into a stipulated judgment in Galardi's favor.

Other than the above, no litigation is required to be disclosed in this offering circular.

ITEM 4. BANKRUPTCY

No person previously identified in Items 1 or 2 of this offering circular has been involved as a debtor in proceedings under the U. S. Bankruptcy Code required to be disclosed in this Item.

ITEM 5. INITIAL FRANCHISE FEE

Your initial franchise fee depends on the type of franchise you buy.

A. First Full Franchise

The initial franchise fee is \$32,000 for the first full franchise you buy from us. If you lease a location from us you pay the \$32,000 fee on signing the franchise agreement and it is non-refundable.

If you purchase or lease a location from someone not affiliated with us then you pay \$16,000 of the initial franchise fee on signing a deposit agreement. Our deposit agreement compensates us for our costs and expenses to review your proposed location(s). \$1,600 of this is non-refundable, upon our review of your first proposed location. When we review a second proposed location the non-refundable amount becomes \$3,200 and it grows by \$1,600 for each location you submit for review. Before requesting a fifth or additional location review, you must deposit with us enough money in cash for a non-refundable \$1,600 deposit for each additional review. When we approve your location \$1,600 more is non-refundable. You sign your franchise agreement upon the earlier to occur: a request by your lender, if any, or upon commencement of construction. You pay the remainder of the \$32,000 franchise fee (\$16,000 or less depending on deposits made as noted above) when construction starts and the entire franchise fee becomes non-refundable at that time.

You must pay us \$3,000 for training. Exhibits B, H and J are some of the contracts used.

B. Additional Franchises

For each additional full franchise you buy from us, the initial franchise fee is \$32,000. If you lease a location from us you pay half of this on signing the franchise agreement and the other half on starting construction. These payments are non-refundable.

If you purchase or lease a location from someone not affiliated with us then you pay a \$20,000 initial franchise fee. \$10,000 is paid on signing a deposit agreement. Our deposit agreement compensates us for our costs and expenses to review your proposed location(s). \$1,600 of this is non-refundable, upon our review of your first proposed location. When we review a second location the non-refundable amount becomes \$3,200. It grows by \$1,600 for each location you submit for our review. Before requesting a fifth or additional location review, you must deposit with us enough money in cash in each instance to provide us a non-refundable \$1,600 deposit for each additional review. When we approve your location \$1,600 more is non-refundable. You sign your franchise agreement upon the earlier to occur: a request by your lender, if any, or upon commencement of construction. You pay the remainder of the \$20,000 franchise fee (\$10,000 or less depending on deposits made as noted above) when construction starts and the entire franchise fee becomes non-refundable at that time. Exhibits B, H and K are some of the contracts used.

C. Business and Facility Full Franchise

If you sign a franchise agreement with us, and lease the location and furniture, fixtures and equipment from GGI, GGFL or GGRC, then the initial franchise fee is \$5,000 plus \$1,600 for each year of the franchise agreement's term. You pay the total when you sign the franchise agreement. It is non-refundable. You also pay us a security deposit

and first month's rent for the equipment lease. The security deposit is refundable at the end of the lease. You must pay us \$3,000 for training. Exhibits B, I and K are some of the contracts used.

D. Conversion

We don't charge an initial franchise fee for you to convert a Wienerschnitzel restaurant to an Original Hamburger Stand restaurant. You must pay us \$3,000 for training.

E. Limited Franchise

For a month-to-month franchise in which you lease the location and furniture, fixtures and equipment from GGI, GGFL or GGRC we don't charge an initial franchise fee. You must pay us a security deposit of \$3,000 to \$8,000 and you must reimburse our costs to change the safe combination and door locks of the restaurant. We'll let you finance the security deposit by accepting a promissory note calling for payments of at least \$300 per month with interest at the maximum legal rate. Exhibit D is one of the contracts used.

F. Prior Offerings

If an existing contract requires us to sell you a franchise for a different fee than stated above, then the initial franchise fee will be as stated in your contract.

G. Sale of Operating Restaurant

If you buy an existing, operating restaurant from us, you'll make a cash deposit of money with your purchase offer and you'll later pay the full purchase price in cash, or in cash plus a promissory note. If the sale isn't completed we'll keep \$1,000 of your deposit and the rest is refundable. The initial franchise fee will be negotiated, based on factors like the operating history of the restaurant, the remaining life of the lease and the duration of the franchise agreement. Normally we expect the initial franchise fee to be \$1,600 for each year of the franchise agreement.

H. Negotiated Changes

The terms of Item 5 have been negotiated with other franchisees. Copies of all Negotiated Sales Notices filed in California in the last 12 months are attached as Exhibit U.

I. Non-Traditional Franchises

Non-traditional franchises are franchises for locations like "in-line" storefronts, kiosks, convenience stores and gas stations and shopping space in a department store. The initial franchise fee for the first location is \$1,600 for each year of the franchise license. The initial franchise fee for additional locations is \$1,000 for each year of the franchise license. There is a minimum license term of five years. You pay us the initial franchise fee when a location is approved and a franchise agreement is signed.

ITEM 6. OTHER FEES

Table for a Full Franchise
(See Note 1)

Name of Fee	Amount	Due Date	Remarks
Service Fee	5% of gross sales	7th day of the month	Gross sales is broadly defined to include all income. Fees start when the restaurant opens for business.
National or Regional Advertising	2% of gross sales. We don't require you to pay this now, but may do so in the future.	7th day of the month	Gross sales is broadly defined to include all income.
Advertising Contribution	3% of gross revenues. Your advertising association can increase this rate.	At the time determined by your association	If there's no association in your area, or if your association charges under 3% (under 4% if we don't charge the national/regional advertising fee) then you must spend the difference on your own advertising. If you don't we can make you pay us the difference between your advertising expenditures & the 3% or 4% rate, as applicable.
Rent	10% (15% for a Business and Facility Sublease) of gross sales, subject to a minimum monthly rent stated in lease or sublease.	20th day of each month	If you lease the premises from us you must pay us monthly rent. This may exceed the amount we pay our landlord if we lease the premises.
Training (Management Certification Program)	\$100 per person	Varies	In addition to the initial training, at least one manager must complete our Management Certification Program.
Training (Management Development Program)	\$75	Every six months	You must participate in the training program every six months.
New Restaurant Employee Training	\$2,500	When you request this training	Note (1)

Promotional Allowances	Amount of Allowance	On receipt	You must assign to us any right to get promotional allowances from your suppliers.
Permits & Licenses	Costs we incur for permits or licenses	On demand	You must reimburse us for permits or licenses we get for you in the first calendar year you are open.
Equipment Lease	\$200 to \$3,000	First day of each month	If you lease equipment from us you pay us monthly rent for the equipment.
Transfer Fee (Transfer to someone else)	\$2,000	When asked by us at the time of transfer	We can charge this fee as a condition to you transferring the franchise.
Transfer Fee (Transfer to corporation you control)	\$250	When asked by us at the time of transfer	We can charge this fee as a condition to you transferring the franchise to a corporation you control.
Document Preparation Fee	\$500	On demand	We can charge this fee as a condition of each extension of your agreements to complete requirements.
Insurance	Amount of premium	On demand	If you don't show us you have insurance the franchise agreement requires, we can get it at your cost.
Indemnity	Amount of loss; attorneys fees	On demand	You must protect us from loss or damages caused by injuries on your premises or to any equipment you lease. If we are sued, you must defend us. If you don't we can defend ourselves at your expense. You must pay any judgment against us from such injuries.
Cost of Audit	\$100 to \$1,000	On demand	If our audit shows you under-reported gross sales by 2% you must pay our costs for the audit.

Sales Tax	Amount of tax	On demand	If a government agency charges us sales tax for granting you a license or franchise, or for your sales then you must pay us the tax. If you don't we can pay the tax & you must reimburse us.
Attorneys Fees & Court Costs	Amount of fees & costs	On demand	In any action relating to the franchise agreement, or your advertising association you must reimburse our (or, if applicable, the advertising association's) attorney's fees, court costs & other costs if you are unsuccessful.
Late Charge	10% of the delinquency	On demand	If you don't pay us or your advertising association on time, you must pay an additional 10% of the amount overdue (plus interest as noted below).
Interest	Lower of 18% per year or highest rate allowed by law for non-personal loan	On demand	If you don't pay us on time, you must pay interest on the overdue amount (in addition to the 10% late charge noted above).
Failure to Complete Purchase of Assets	\$1,000	Immediate	If we accept your offer to buy assets of an existing restaurant & your purchase isn't completed, we'll keep \$1,000 of your deposit.
Loss or Damage of Leased Equipment	Original cost of item less depreciation (straight line over 7 years) plus 10%	On demand	If leased equipment is lost or damaged beyond repair we can replace it & you must pay us according to this formula.
Insurance/Taxes on Leased Equipment	Cost of insurance/amount of taxes plus interest at lower of 1% per month or highest legal rate	On demand	You must keep leased equipment insured, free of liens & pay all taxes & other charges on it. If you don't, we can pay these. Then you must reimburse us & pay us interest.
Reimbursement of Expenses for Leased Equipment	Amount of our expenses	On demand	You must pay all expenses we incur in exercising rights under the equipment lease.

Real Estate Assignment Fee	\$15,000 for each location	Close of purchase or lease transaction	You must pay us if you assume a purchase or lease contract for a property we have under contract.
Development Fee	\$5,000 for each location	Close of purchase or lease transaction	You must pay us if we perform development services for you in constructing a new restaurant.

Notes:

1. If we train the employees at a new restaurant opened by an existing franchisee. This training is optional by us.

Table for a Limited Franchise

Name of Fee	Amount	Due Date	Remarks
Service Fee	None	Not applicable	Not applicable
Rent	\$7,400 to \$51,000	Weekly on last four Mondays of each month	You pay us rent to lease the premises. Once each year we'll calculate weekly rent based on the prior year's rent. We'll give you 30 days notice of any change in the rent & then you'll pay the new rent amount.
Rent Balance	Difference between monthly rent & total of the four weekly payments for the month	7th day after end of month	You must pay us the difference between the monthly rent & the amount of your four weekly payments.
Additional Rent	Unknown	Varies	All taxes, charges, costs & expenses you are required to pay are deemed to be additional rent.

Rent Debit Memo	Varies	With next rent payment	Within 3 days after each month-end you'll provide us information on the mix of your sales in the month. We'll issue you a credit or debit memo that will reduce or increase the prior month's rent. Any increase must be paid with the next weekly rent payment. Basically, the rent is increased if your food cost is less than a target rate; & the rent is decreased if your food cost exceeds a target rate. The target rates are stated in your operator agreement.
Training (Management Certification Program)	\$100 per person	Varies	In addition to the initial training, at least one manager must complete our Management Certification Program.
Training (Management Development Program)	\$75	Every six months	You must participate in the training program every six months.
Promotional Allowance	Amount of allowances you receive from others	On receipt	You must assign to us any promotional allowances you are entitled to.
Security Deposit	One week's rent but not less than \$3,000	Inception; increases when weekly rent increases	When rent increases you must increase the security deposit. We can retain \$250 if operator agreement terminates within 12 months.
Marketing Programs	Varies	Within 15 days after invoice	You must participate in our marketing programs (e.g., buy premiums & bonuses & redeem coupons).
Minor Maintenance	Varies	Within 15 days after invoice	If you don't perform minor maintenance within three days after our demand, we can do it & you must reimburse us.

Indemnity	Amount of wages, tax deposit, insurance premiums, utility charges & other obligations & claims	On demand	You must protect us from these obligations of yours. You must also indemnify us from claims relating to your business.
Sales & Other Taxes	Amount of tax	On demand (Sales taxes within seven days after month end)	You must pay us your sales tax. If we pay your sales or other tax then you must reimburse us.
Attorneys Fees & Court Costs	Amount of fees & costs	On demand	In any action relating to the operator agreement, you must reimburse our attorneys fees, court costs & other costs if you are unsuccessful.
Late Charge	\$250	On demand	If you don't pay us on time, you must pay an additional \$250 (plus interest as noted below).
Liquidated Damages	\$5,000	On demand	Fixed damage amount if we terminate the operator agreement due to breach by you.
Operations Manual	\$100	On demand	Charge for failure to return Operations Manual.
Operations Manual Update Charge	\$50	On demand	Charge for failing to update Operations Manual.
Holdover	\$1,500 per day	On demand	Charge for staying at the premises after end of lease.
Other Charges	Unknown	On demand	You must pay all charges incident to you operating the restaurant. If you don't then we can pay these & charge them to you as additional rent.

Interest	Lower of 18% per year or highest rate allowed by law for non-personal loan	On demand	If you don't pay us on time, you must pay interest on the overdue amount (in addition to the \$250 late charge noted above).
Receiver	Unknown	On demand	We can get a receiver appointed if you default & all income & profits (etc.) will be taken by the receiver to pay obligations.
Termination Fee	\$250	On termination	We deduct this from the security deposit. We'll waive this fee if you've been an operator for 12 months.

The terms of Item 6 have been negotiated with other franchisees. Copies of all Negotiated Sales Notices filed in California in the last 12 months are attached as Exhibit U.

ITEM 7. YOUR ESTIMATED INITIAL INVESTMENT

**Full Franchises
(See Note 1)**

Item	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$10,000 - \$32,000 (Note 2)	Lump Sum	When signing the franchise agreement	Us
Rent	\$1,500 - \$23,500	Lump Sum	Monthly	Us
Equipment/Furniture, Furnishings & Fixtures	<u>\$190,000 - \$300,000</u> (Notes 2 & 3)	Varies	Prior to opening	Vendors
Opening Inventory	\$5,000 - \$8,000	Lump Sum	Time of opening	Approved distributor & local vendors
Training	<u>\$3,000 - \$5,500</u>	Lump Sum	Before opening	Us
Insurance	\$4,000 - \$5,800	Lump Sum	Before opening	Insurance company
Uniforms	\$1,500	Lump Sum	Before opening	Uniform suppliers
Security Deposit	\$2,000 - \$32,000	Lump Sum	(Note 5)	Us
Real Estate Improvements	0 - <u>\$900,000</u> (Note 3)	Note 3	Note 3	Note 3
Advertising Fee - Three Months	\$3,600 - \$18,000		Monthly	Us

Miscellaneous Opening Costs	Approximately \$1,500	As incurred	As incurred	Miscellaneous suppliers/trade persons & incidental costs
Total	<u>\$222,100-\$1,327,800</u>			

Notes:

1. This tables contains estimates of your anticipated initial investment for the period before opening your franchise until approximately three months after opening. These are only estimates.

2. For a first or additional master lease franchise the initial franchise fee is \$32,000. For a lease direct franchise the initial franchise fee is \$32,000 and for additional lease direct franchises the initial franchise fee is \$20,000. For a first non-traditional franchise the initial franchise fee is \$1,600 per year, with a five-year minimum; additional franchises are \$1,000 per year with a five-year minimum.

3. As a typical master lease franchisee, you will not have any investment in the real property and improvements, except monthly rent, any security deposit and furniture, furnishings, fixtures and equipment ("FF&E") for the restaurant. In some instances, the costs of developing the location may exceed amounts agreed to be paid by the lessor. Typically, excess costs are from \$3,000 to \$20,000 and you must pay within 30 days. Alternatively, we may allow these to be added to the rent payment to us at a rate equal to the rate of return paid to a primary lessor for the improvements.

As a lease direct franchisee, you provide your own real estate and improvements. Typically, you either purchase or lease the real property and improvements. If you assume a purchase or lease contract for a property we have under contract, we charge a fee of \$15,000. If we provide development services for constructing the new restaurant, we charge a fee equal to 5% of the construction costs of your restaurant. The assumption and development services are optional to you and we may not offer them in all areas. The total costs for the real property and improvements (excluding equipment) is typically between \$500,000 and \$900,000. These costs may vary substantially based on the cost of the real property and the design of the restaurant constructed. If the real property and improvements (excluding equipment) are leased the typical rental payment is in the range of \$72,000 to \$90,000 per year.

4. If you purchase a full and lease direct franchise, you must provide the FF&E to operate the restaurant. The FF&E required to develop the restaurant ranges from \$190,000 to \$300,000 depending on the restaurant design. The security deposit ranges from \$1,000 to \$12,000.

5. The one to three month security deposit, which is in addition to the real estate and improvements security deposit required under the lease and/or sublease, is typically in the range of \$1,000 to \$20,000. This deposit is normally held for the term of the agreements. It does not earn interest. In addition, we may, in our own subjective discretion, require you to sign a continuing guaranty and subordination agreement of the obligations to us and/or GGRC. The continuing guaranty is Exhibit L.

Limited Franchises

Item	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	None	N/A	N/A	N/A
Inventory	\$3,000 - \$10,000	(Note 1)	Time of opening	Us

Equipment/Furniture, Furnishings & Fixtures	None	N/A	N/A	N/A
Utility Deposit	None	N/A	N/A	N/A
Insurance (Note 2)	\$2,000 - \$4,000	Lump Sum	Prior to opening	Insurance company
Rent	\$7,400 - \$51,000			
Security Deposit	\$3,000 - \$15,000	(Note 1)	Time of opening	Us, GGI, GGFL or GGRC
Capital Account	Amount equal to security deposit	Not applicable	Inception	You retain
Miscellaneous	\$1,500	As incurred	As incurred	Miscellaneous suppliers, tradesmen & incidental costs
Total	\$16,900 - \$81,500			

Notes:

1. If you purchase a limited franchise, you must purchase the inventory from us and pay a security deposit to us or GGRC. The amount of the deposit is determined on an individual basis for each location, and is normally in the range of \$3,000 to \$15,000. We or GGRC may accept a promissory note for these sums, with an effective annual interest rate up to the maximum lawful rate with payments of at least \$300 per month until paid in full.
2. If you purchase a limited franchise, you must obtain workers' compensation and employers' liability insurance.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may be able to sublease your location and improvements from us. You may be able to buy an existing, operating Original Hamburger Stand restaurant from us. If so, you also buy the inventory from us. You also either buy or lease from us the signs, equipment and other property of the restaurant.

You can get supplies from whoever you want, subject to our approval for quality control, uniformity and protecting our trademarks. On request we'll give you names and addresses of suppliers we've approved to sell you equipment, supplies, trademarked paper goods and other products.

On request we'll tell you our standards for items you must use in operating your restaurant. If you want to get these from someone we haven't approved yet, then give us all the information we want about the proposed source. We may also require them to give us samples, pay for testing the items you want them to supply and to sign a Limited License Agreement to protect you and us. Then we'll tell you if we approve the proposed source. If we don't approve we'll tell you why. This can take 90 days.

We and our affiliates derive revenue from real property and equipment we lease to you. We don't derive revenue from other items you must purchase or lease. GGI and GGRC's total revenues from Original Hamburger Stand full franchise restaurants for 2005 were \$1,700,000 and the revenues from real property and leased equipment for 2005 were \$1,200,000. Thus 70% of the revenues for these companies were from real property and leased equipment. GGFC does not derive revenues from required purchases or leases.

We estimate that all your purchases and leases from us are approximately 10% to 100% of all purchases and leases of goods and services in establishing the franchise depending substantially on the program you select, and they are approximately 32% to 75% of all your purchases and leases of goods and services in operating the franchise.

Other than the national advertising fund described in Item 11 of this offering circular, we do not derive revenues from suppliers.

We negotiate purchase arrangements with suppliers for the benefit of franchisees. We require suppliers of products to enter into agreements requiring them to maintain quality and adhere to our specifications and other provisions.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this offering circular.

Obligation	Sections in Agreements	Items in Offering Circular
Site Selection & Acquisition/Lease	Franchise Agmt. Sections 3 & 10 Operator Agmt. Sections 1 & 8(A)	Items 6, 7, 11 & 16
Pre-Opening Purchases/Leases	Franchise Agmt. Sections 3, 7, 10 & 11 Operator Agmt. Sections 1 & 8	Items 7 & 8
Site Development & Other Pre-Opening Requirements	Franchise Agmt. Sections 7 & 10 Operator Agmt. Section 6	Items 6, 7, 8 & 11
Initial & Ongoing Training	Franchise Agmt. Sections 7 & 8 Operator Agmt. Sections 5 & 6(E)	Items 6, 7 & 11
Opening	Franchise Agmt. Sections 8 & 10 Operator Agmt. Section 2	Items 7 & 11
Fees	Franchise Agmt. Sections 3, 5, 6, 9 & 20(f) Operator Agmt. Sections 3, 4, 6(C), 6(H), 8(E), 16, 17(B), 18, 19 & 21	Items 5, 6, 7, 10 & 17

Compliance with Standards & Policies/Operations Manual	Franchise Agmt. Sections 7, 10 & 11 Operator Agmt. Sections 5 & 8(C)	Items 7, 11, 15, 16 & 17
Trademarks & Proprietary Information	Franchise Agmt. Sections 10, 11 & 12 Operator Agmt. Sections 5, 8(B), 8(F) & 17(C)	Items 13 & 14
Restrictions on Products/Services Offered	Franchise Agmt. Sections 10 & 11 Operator Agmt. Sections 3(K), 8(F)-8(K) & 9	Items 11 & 16
Warranty & Customer Service Requirements	Franchise Agmt. Sections 10, 11 & 18(a) Operator Agmt. Sections 6, 8(D) & 9	Items 11, 16 & 17
Territorial Development & Sales Quotas	Franchise Agmt. Section 3 Operator Agmt. Sections 1 & 6	Items 12 & 16
On-Going Product & Service Purchases	Franchise Agmt. Sections 8, 10 & 11 Operator Agmt. Sections 6 & 8(F)-8(K)	Items 6, 8 & 16
Maintenance, Appearance & Remodeling Requirements	Franchise Agmt. Sections 7, 10 & 11 Operator Agmt. Sections 6, 8(L), 9 & 10	Items 6, 7 & 17
Insurance	Franchise Agmt. Section 17 Operator Agmt. Sections 6(B) & 12	Items 7 & 15
Advertising	Franchise Agmt. Sections 8 & 9 Operator Agmt. Sections 6(H) & 6(I)	Items 6, 7 & 11
Indemnification	Franchise Agmt. Section 17 Operator Agmt. Sections 8(E), 11 & 16	Items 6, 13 & 17

Owners Participation/Management/ Staffing	Franchise Agmt. Sections 2 & 10 Operator Agmt. Sections 6(H), 8, 9 & 17	Items 11 & 15
Records/Reports	Franchise Agmt. Sections 6 & 16 Operator Agmt. Section 7	Items 6 & 17
Inspections/Audits	Franchise Agmt. Sections 6 & 16 Operator Agmt. Sections 8(M) & 10(D)	Items 6 & 17
Transfer	Franchise Agmt. Section 13 Operator Agmt. Section 13	Items 6 & 17
Renewal	Franchise Agmt. & Operator Agmt. Section: None	Items 6 & 17
Post-Termination Obligations	Franchise Agmt. Sections 13 & 14 Operator Agmt. Sections 14, 18 & 21	Item 17
Non-Competition Covenants	Franchise Agmt. Sections 12 & 15 Operator Agmt. Section 8(A)	Item 17
Dispute Resolution	Franchise Agmt. & Operator Agmt. Section: None	Item 17 & Cover Page
Venue	Franchise Agmt. Section 18(i)	Item 17
Default/Termination	Franchise Agmt. Sections 5 & 14 Operator Agmt. Sections 2, 14, 15, 18 & 21	Item 17

ITEM 10. FINANCING

Summary of Financing Offered

Item Financed (Source)	Amount Financed	Down Payment	Term (MOS)	APR%	Monthly Payment	Prepay Penalty	Security Required	Liability On Default	Loss of Legal Right on Default
Busi. Fac. Franchise	\$2,500 - \$32,000	\$2,500 - \$25,000	Note 1	9% - 11%	\$300 - \$750	None	None	Individual liability & default of franchise agreement	
Limited Franch. Sec deposit & opening inventory	\$6,000 - \$12,000	\$0	Note 1	9% - 11%	\$300 - \$750	None	None	Individual liability & default of franchise agreement	
Purchase of operating restaurant from us	\$2,500 - \$100,000	\$2,500 - \$25,000	Note 1	9% - 11%	\$300 - \$750	None	None	Individual liability & default of franchise agreement	
Renewal of franchise	Note 2 \$5,000	\$5,000	24 mos.	N/A	\$240.06	None	None	Individual liability & default of franchise agreement	
Equipment Lease Note 3	\$2,500 - \$75,000	N/A	66 mos.	N/A	\$20.75 per \$1000 of amt. Financed	None	Security dep. Of 5% of amt. Financed	Individual liability & default of franchise agreement	

We will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.

Notes:

1. The term depends on the amount paid per month, the total borrowed and the rate. It may be as short as 24 months or as long as ten years.
2. The franchise fee for a renewal is \$1,600 per year renewed; the usual term is 10 years. A \$16,000 renewal fee may be paid in all cash or one installment of \$8,000 and 24 monthly installments of \$333.34, at your option.
3. Equipment leasing from GGFL is restricted to Point of Sale equipment, lighting and dining room remodels and will not be available for everyone who may desire it.

ITEM 11. FRANCHISOR'S OBLIGATIONS

A. Our Obligations Before and During the Operation of Your Business

Except as listed below, we need not provide any assistance to you.

If you buy a full franchise, we will (parenthetical references are to the Franchise Agreement):

1. State the location for your restaurant. (Section 3)
2. Either offer you our standard sublease for the location, or provide you plans so you can have a restaurant built at the location. (Section 7(a))
3. State the term of your franchise. (Section 4)
4. If you buy assets of an operating restaurant from us, we'll transfer those assets to you. (Terms of Purchase Offer)
5. If you lease equipment for your restaurant from us, we'll provide you the equipment. (Equipment Lease)
6. Provide you initial training in operating an Original Hamburger Stand restaurant. (Section 7(b)) Training is discussed below in more detail.
7. Loan you our confidential operations manual. (Section 7(c))

During the operation of your full franchise, we will do the following:

1. Provide opening supervision and help at your location from our employees. (Section 8(c))
2. Provide opening promotion programs directed by our Marketing Department. (Section 8(d))
3. Maintain a school and provide training in operating an Original Hamburger Stand restaurant. (Section 8(a))
4. Evaluate and test food and beverage items and operational methods for possible use in our system. (Section 8(b))
5. Provide merchandising and marketing and advertising research data and advice that we develop and think will be helpful to you. (Section 8(e))
6. Provide techniques and instructions that we develop and think will help you. (Section 8(f))
7. Provide an accounting, cost control and portion control system. (Section 8(g))
8. Review advertising you submit for our approval. (Section 9)
9. Evaluate suppliers you want to use and tell you if we approve them. If we don't approve we'll tell you why. (Section 11(e))

If you buy a limited franchise, then before you open your business we will do the following (parenthetical references are to the Operator Agreement):

1. Designate your location and lease it to you. (Section 1)

2. Designate the starting date of your month-to-month lease. (Section 2)
3. Designate your weekly rent payments. (Section 3(I))
4. Specify a rent reduction/rent increase percentage formula in your operator agreement. The effect of this formula is to increase or decrease rent you pay to us based on cost of food you buy to provide you some protection from food cost increases beyond your control. (Section 3(J))

During the operation of your limited franchise we will:

1. Once a year, calculate what your weekly rent should be based on actual rent in the prior 12 months and give you at least 30 days notice of any change in weekly rent. (Section 3(C))
2. Give you a rent credit for (a) cost of ice if the ice machine breaks (and its not your fault); (b) cost of food donations to charity made with our prior written approval; and (c) \$1,000 for each new operator you refer who completes training and stays as an operator for one year. But we can stop any of these credits on 15 days notice to you. (Section 3(F))
3. If your four weekly rent payments for a month are more than the monthly rent, apply the excess first to state sales tax, then to any other money you owe us; and then to the next weekly rent payment. (Section 3(I))
4. After you provide us a sales and prices report for a calendar month, we'll provide you a written credit/debit memo to either reduce or increase your prior month rent. We'll apply a credit memo first to your month-end statement balance and then to your next weekly rent. You must add any debit memo to your next rent payment. (Section 3(J))
5. We'll give you at least 30 days notice of any change in the food cost allowance factor used for the calculations in the prior paragraph. (Section 3(K))
6. Train you in operating an Original Hamburger Stand restaurant. (Section 5(A))
7. Lend you our Operations Manual. (Section 5(A))
8. Perform major building and equipment maintenance. But you must make repairs and pay for major maintenance caused by you or those working for you. You have to do minor maintenance. (Section 6(A))
9. Provide insurance. On request you can see the policy we buy. This is not a guaranty that a loss will be paid. You can also get your own insurance but it must name us as co-insureds along with some other persons we can specify. (Section 6(B))
10. We'll pay reasonable gas, water and electric bills. You pay all other utility bills. (Section 6(C))
11. We'll pay property taxes, maintenance costs and for landscaping. (Section 6(C))
12. Provide continuing assistance, like visiting the premises to evaluate your operation and recommend how to run it better. You must follow our recommendations. (Section 6(D))
13. Maintain a school and provide various training in operating an Original Hamburger Stand restaurant. (Section 6(E))
14. Evaluate and test food and beverage items and operational methods for possible use in our system. (Section 6(F))
15. Provide statistics to you on sales mix, sales analysis and comparing sales with prior periods. (Section 6(G))

16. Conduct an overall marketing plan for the Original Hamburger Stand chain. (Section 6(H))
17. Calculate a simulated promotional discount allowance percentage and issue memorandums of credit. (Section 6(H))
18. Provide equipment needed to prepare additional main food products. (Section 6(H))
19. Pay the cost for your local advertising association but you can't vote in it. (Section 6(I))
20. If you pay us the sales taxes we'll pay them to the state as required. (Section 17(B))
21. Pay to change the safe combination and door locks if you relocate at our request. (Section 3(D))

B. Advertising Program

You must join an advertising association formed for the marketing area of your location and officially recognized by us. To define your marketing area we use "Areas of Dominant Influence" which are geographic marketing areas determined by the American Research Bureau. They are not affiliated with us. All Original Hamburger Stand restaurants in your marketing area are members of your cooperative.

Our requirement for joining and participating in the advertising association differs slightly for limited franchisees. For them, the restaurant participates in the advertising association. But we pay the contribution required by the association and we vote for the restaurant in the association.

You must sign all the agreements and by-laws of the association. If you are one of the first two Original Hamburger Stand owners in your area, then you and the other owner must form the association. If you can't agree on terms, you both must submit the matter to us to arbitrate and decide the terms of your association.

One of the requirements for us to officially recognize your association is that it signs an advertising association agreement with us. This is Exhibit N.

Your advertising association must have officers (President, Treasurer, etc.). The officers are a committee that coordinates meetings, recommends advertising programs to the association's members, approves media schedules, and makes budgets. The association must meet at least four times per year. The association must choose an advertising agency to carry out advertising programs. The agency must meet our approval and comply with our advertising guidelines. The association must provide members at least quarterly financial statements, including a statement of receipts and disbursements, and a list of accounts receivable and accounts payable.

All advertising by you or your association must first get our written approval. After you submit proposed advertising, we have 15 days to respond or it is deemed to be approved. You can't use any trade name other than Original Hamburger Stand in your advertising.

You must contribute at least 3% of your gross sales to the association. Your association can decide to require more money from you and you must pay what they require. If your contribution is under 3%, we can require you to pay us the difference between 3% and your actual contribution. If there is no association in your area, then you must send at least 3% of your gross sales on your own advertising each month.

We can require you to pay us 2% of gross sales for a national or regional advertising program. We have waived this payment in the past, but may require it in the future. Your association can still require you to pay more. Your 2% contribution will be directed to a National Advertising Fund. We will contribute the same 2% for a limited franchise and any company-owned restaurant.

We will provide unaudited financial statements for the National Advertising Fund upon your request. For 2005 the Fund spent 13% of funds received for production and the remainder for other expenses, including market research, advertising agency retainer, P.O.P. materials, national seminar cost, training films, location advertising association support and newspaper inserts.

You must assign to us all marketing or promotional allowances you may get or become entitled to from suppliers. This form (attached as Exhibit O to this offering circular) directs them to pay these allowances directly to us. We'll use these funds for public relations, promotion, creating advertising and to reimburse our administrative costs, ad agency fees and related overhead.

C. Cash Registers/Computers

You must buy an electronic cash register system made by RDS Data Group, Inc. They are not affiliated with us. This system, including cash registers, video monitors, an IBM compatible computer, printer and related hardware, costs about \$15,000. Some proprietary software is included. You must buy additional proprietary software from another company, not affiliated with us, which has not yet been determined. This system will allow you to perform the normal functions of a cash register, use video monitors to record orders for production, keep records and prepare reports of transactions. The future software will provide for electronic communication with us and other vendors, along with other functions. We estimate the proprietary software will cost between \$3,500 and \$6,000 to purchase and less than \$1,000 per year to maintain. As noted above, we'll loan you our operations manual. A copy of the table of contents of our operations manual is Exhibit V.

D. Method Used to Select Location

When we sublease a location to you, we choose the location. When you lease a location directly from someone else, then you choose the location. You must get our approval for your proposed location. In choosing a location, or approving one you propose, we consider many factors, including traffic count, how many people live and work in the area, visibility, our own comparison of the rent to our estimate of sales, family income in the area, general business climate in the area, and how close the location is to other restaurants affiliated with us. The total time is normally between six months and two years.

None of the agreements relating to the franchise states a time limit for us to choose a location, or tell you if we approve a location you propose. You can terminate the deposit agreement any time before a franchise agreement is signed, and you get a refund of your deposit, except that \$1,600 or more of your deposit is non-refundable depending on the number of locations you asked us to approve.

The length of time between you signing a deposit agreement (thus making a deposit with us) and opening the restaurant for business depends on factors like availability of locations where you want to be, time taken to choose a location and negotiate a lease, time taken for construction and getting government approvals to open. These can be affected by other factors like weather, the contractor keeping to a build-out schedule, time needed to get building permits, time needed to get equipment delivered and results of local government inspections of the location.

The total time is normally between six months and two years.

E. Training Program

We provide initial training and on-going training. You or your general manager or majority owner if you are a legal entity or an entity must attend the initial training. This occurs after you sign the franchise agreement and must be completed before you open your restaurant.

Initial Training – Operator Training Program

Our Operator in Training Program is an intense seven-week program that will acquaint you with the day-to-day requirements of operating an Original Hamburger Stand restaurant. The program involves a six-day workweek, each day averaging ten or more hours, not including time for reading and homework. It is a self-paced program specifically designed to effectively prepare you to operate as an independent businessperson.

Our training instructors are experienced in successfully operating fast food restaurants, as well as instructing others in the skills necessary to do likewise. The Training Department has no operational responsibility for the restaurant in which you will be training, therefore, our efforts will entirely focus on providing you a complete training experience.

Our training program is divided into three modules; consisting of 4 ½ weeks in an approved training restaurant and 1 ½ weeks in a classroom environment in Newport Beach, California.

Module One (3 weeks) – General Knowledge through Assistant Manager

During the first module you will be learning in the exact same manner as an employee. All three weeks of training will take place in an approved training location. This is a hands-on experience, which means you will be working in the kitchen and serving customers, including clean up and re-stocking. Additionally, you will have the opportunity to prepare condiments, and complete the tasks necessary to open and close the restaurant – including janitorial.

Your performance will be evaluated through written evaluations, compliance with station standards and a written test. You must achieve a score of 90% or better to advance to Module Two.

Module Two (2 weeks) – Manager/Administration

Module Two consists of one week in an approved training restaurant and one week of classroom instruction in Newport Beach, California. During this module you will improve your operational skills and learn the administrative side of operating an Original Hamburger Stand restaurant.

As with Module One, your performance will be evaluated through a combination of written evaluations, your compliance with station standards and a written test. You must achieve a score of 90% or better to advance to Module Three. Additionally you are required to take and pass the Serve-Safe Sanitation Exam.

Module Three (1 week) – Designated General Manager/Financial

Module Three consists of two classroom days in Newport Beach, California and three days in an approved training restaurant. During this module you will be learning the financial and legal side of operating your restaurant.

Again you will be evaluated using a combination of written evaluations and a written test. You must achieve a score of 90% or better to pass this module.

Module Four (1 week) – New Store Opening

Module Four consists of attending a new restaurant opening. This module is required should you be opening a new restaurant. The training is for one week at a new restaurant opening. During this week you will attend a restaurant opening, other than your own, to better prepare you for your restaurant opening.

Operator Training Program Overview

Subject	Training Hours Classroom	Training Hours On-the-Job	Instructional Materials	Instructor
Module One-3 weeks Basic Restaurant Operations through Assistant Manager	No classroom during this module; all training is on-the-job at an operating restaurant	10 hours a day, 6 days a week for 3 weeks	Operations Manual, Training Videos & Operator Training Notebook	Training Store Trainer & David Kreitlow
Module Two-2 weeks Manager/Administration	8 hours a day for 5 days	10 hours a day for 6 days	Workbook, video tape & miscellaneous booklets	David Kreitlow
Module Three-1 week Designated General Manager/Financial	8 hours a day for 2 days	10 hours a day for 3 days	Operations Manual & Operator Training Notebook	David Kreitlow
Module Four-1 week New Store Training (Note 1)	None	10 hours a day for 5 days	Attend & work a new Restaurant opening	Not Applicable
Total Training Hours	56 hours	270 hours/320 hours if attending new store opening training	Not Applicable	Not Applicable

Notes:

1. New Store Training must be attended when opening your own new restaurant.

The cost for initial training is \$3,000. You pay before starting training. The classroom training is conducted in Newport Beach, California. The training stores are located in the greater Denver metropolitan area in Colorado. You must pay your own transportation and living expenses during training. We will provide all training materials and manuals required for training. We offer the initial training eight times per year.

On-Going Training – Management Development Program

Every six months, after you begin operating your restaurant, you must attend a Management Development Program. This may be at a meeting room in your restaurant marketing area or another means such as a teleconference call. This is to help you further develop your restaurant and management skills. The cost of the Management Development Program is currently \$75. A session lasts about five hours. We provide all materials you may need.

We offer other training programs to you or your employees that are voluntary. The cost and subject matter of these programs varies based on the subject matter and time required.

ITEM 12. TERRITORY

The franchise is granted for a specific location which is stated in the franchise agreement. You can't change the location without our approval. You can do business with customers at your location regardless of where they are from.

We won't grant a franchise or operate our own Original Hamburger Stand restaurant closer than one-half mile from yours or closer than one mile along the same street. Your exclusivity depends on you complying with the franchise agreement but does not depend on you achieving any specific level of sales. A limited franchise is also granted for a specific location but does not receive any exclusive area.

We have granted franchises under other trademarks and may continue doing so. These particularly include the trademarks "Wienerschnitzel", which offer the same kinds of goods and services as Original Hamburger Stand, and there could be other trademarks in the future. We can operate or grant franchises for these restaurants in your exclusive area.

We aren't required to grant any additional franchise to you. We don't grant you a first refusal right to buy other franchises. The only kind of option we grant is the form of option agreement attached to this offering circular as Exhibit J.

ITEM 13. TRADEMARKS

The main trademarks you are licensed to use are:



We claim common law rights to be above trademarks based upon use. At this time, we have not filed any application to register the above trademarks.

There aren't any effective material determinations by any court or government agency involving these trademarks. There aren't any agreements in effect that significantly limit our rights to license the use of the marks to you. We don't know of any infringing uses of the marks that could materially affect your use of them.

We don't have to defend you against any infringement, unfair competition or other claim regarding your use of our marks. You must stop using any mark when the franchise ends. We can require you to change marks. We don't have to compensate you for making you change marks.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no rights in or to any patents or copyrights which are material to the franchise.

We also claim copyright ownership in advertising we develop and provide you. Otherwise, there aren't any copyrights material to the franchise and there aren't any patents either.

You must keep the contents of your franchise agreement confidential. We also consider other information we provide you to be trade secrets and you must keep this information confidential.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you own a full franchise then you or someone we approve must be designated as general manager and have full operational control of the restaurant. We recommend but don't require that you operate the franchise personally on the premises. You or your general manager must have completed our training program (which is described in Item 11).

You, your employees and others involved in your franchise can't sell similar food products within 50 miles of any of our restaurants or franchises and you and they can't ever use any of our methods or formulas except to operate your franchise.

If your company is an entity it must be closely held. We'll require you to sign a personal guaranty of the franchise agreement. Also, you or your general manager or the majority owners of your company must have completed our training program.

If you have a purchase option franchise, you must devote full time and use your best efforts to operate the restaurant.

If you own a limited franchise you must personally operate the franchise and you must personally devote at least 40 hours per week to doing so.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must sell all the items we designate and you can't sell anything else without our approval. Everything you sell must be high quality and prepared according to our specifications. You can sell only at retail (not at wholesale) and only at the restaurant location.

You can't have any vending machines, video or pinball games or coin or token operated machines at the restaurant. Liquor, drugs and illegal substances aren't allowed on the premises.

There is no restriction on the customers you may sell to.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Full Franchise

You own a full franchise if you are operating pursuant to one of the following agreements: Franchise Agreement (attached as Exhibit B).

Provision	Section in Agreement	Summary
Length of the term of the franchise	Section 4 See also Note 1 below	Not Applicable
Renewal or Extension of the term	None See Note 2 below	Not Applicable
Requirements for you to renew or extend	None See Note 2 below	Not Applicable
Termination by you	None, but see policy described in Note 3 below	Not Applicable
Termination by us without cause	None	Not Applicable
Termination by us with cause	Section 14(a)(1)	We can terminate if you commit one of the listed defaults & you do not cure it within three days after we notify you of the default.

"Cause" defined - Defaults which can be cured	Section 14	Unless law gives you a greater cure period, we give you three days after notification.
"Cause" defined - Defaults which cannot be cured	None See Note 4 below	Not Applicable
Your obligations on termination/ non-renewal	Section 15 See also policy in Note 5 below	Your obligations include: stop use of our system, all marks, trade secrets, colors, symbols & anything that identifies yourself as one of our franchisees or a former franchisee; pay any damages you have caused us to incur; provide us the option to purchase supplies & all insignia bearing our trade name or marks at the lower of cost or fair market value.
Assignment of contract by us	None See Note 6 below	Not Applicable We reserve the right to assign.
"Transfer" by you - definition	Section 13	Includes transfer of control or ownership change.
Our approval of transfer by franchisee	Section 13	You must first get our written approval before you sell, assign, transfer or encumber this agreement or any right or interest in it, even by operation of law.
Conditions for our approval of transfer	Section 13(d)	If we have not accepted your offer & we have not disapproved your proposed buyer within 30 days; if you are in good standing & not in default under this agreement; and pay the transfer fee, you may proceed with the transfer only on the same terms & conditions you offered to us, provided that we may impose conditions on the transfer including but not limited to those listed in this section.
Our right of first refusal to acquire your business	Section 13	You must first offer to sell to us with the same terms & conditions you offer to other prospective buyers.
Our option to purchase your business	Section 15(b)	You grant us the option to purchase your supplies & all insignia with our trade name or marks at the lower of cost or fair market value at the time of termination.

Your death or disability	Section 13(b)	The person obtaining your franchise must satisfy our then current requirements.
Non-competition covenants during the term of the franchise	Sections 13 & 15	You, your officers or principals may not compete within 50 miles of any restaurant operated by us or our franchisee.
Non-competition covenants after the franchise is terminated or expires	Section 15	You, your officers or principals may not compete within 50 miles with us or any of our franchisees for a period of two years after the termination of this agreement.
Modification of the agreement	None See Note 7 below	Not Applicable
Integration/merger clause	None	Not Applicable
Dispute resolution by arbitration or mediation	None	Not Applicable
Choice of forum	Section 18(i)	All state legal actions must be brought in Orange County.
Choice of law	Section 18(j)	Only California law will apply.

Notes:

1. The length of the franchise term is negotiable, however, for a full franchise the term is usually 20 years. If you purchase an existing Original Hamburger Stand restaurant, the term may be less than 20 years but usually not less than five years.

2. The franchise agreement does not grant you the right to renew. There is no automatic renewal. At our sole discretion, and if you meet certain criteria and agree to make certain corrections, additions and/or upgrades to the restaurant facilities, we may offer you a franchise for an additional period of time, usually no longer than 10 years, at the same location. We will complete and give you a renewal unit evaluation 9 to 14 months before expiration of the existing franchise term. A renewal unit evaluation is a comprehensive inspection of the restaurant facilities; advising of the required maintenance and/or upgrades to be completed at the restaurant facilities before renewing. Funds for completion of any required maintenance and/or upgrade must be available 3 months before expiration of the term. If the requirements are not completed before expiration, then the funds must be deposited in an attorney's trust account and released only upon our approval.

If you sublease your real estate from us, and we offer you a franchise for an additional period of time, certain terms of the sublease's rents may not be known at the time of our offer of such additional time, due to such sublease rents being subject to the master lease's then undetermined option rents. As the date of exercise the master lease option arrives, and the terms of the rents under the master lease option are determined, which will be passed through to your sublease with us, one of us may not want to continue your franchise term under such rent terms, and both of us may agree to terminate your franchise early.

A \$500 fee for documentation preparation will be charged to a franchisee who consistently fails to meet criteria requirements and the documents must be extended.

3. You may not terminate the franchise agreement without our consent, even upon default by us.

4. The franchise agreement does not separately list defaults which cannot be cured.
5. Further obligations by you on termination or non-renewal are to return all materials loaned to you by us and abide by all provisions not to compete.
6. The franchise agreement is assignable by us to third parties.
7. The franchise agreement does not prevent modification. However, it may only be modified by a written agreement between us. California Corporations Code Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations, before asking for a proposed material modification of an existing franchise. We may modify the Operations Manual under any conditions and to any extent which we decide is necessary to meet competition, protect our trademarks or trade names, or improve the quality of Original Hamburger Stand products and services.
8. The franchise agreement requires you to sign a general release of claims on renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
9. The franchise agreement contains a provision for termination on bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. 3101 et seq.).
10. The franchise agreement requires application of the laws and forum of Orange County, California. This provision may not be enforceable under California law.
11. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the franchise agreement is inconsistent with the law, the law will control.
12. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
13. The California Franchise Investment Law requires a copy of all proposed agreements to the sale of the franchise be delivered together with the offering circular.
14. Neither Galardi Group Franchise Corp., nor any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling them from membership in this association or exchange.

Operator Agreement

Provision	Section in Operator Agreement	Summary
Length of the term of the franchise	Month-to-month	Not Applicable
Renewal or extension of the term	None See Note 1 below	Not Applicable
Requirements for you to renew or extend	None See Note 1 below	Not Applicable

Termination by you	Section 3	You must give GGI written notice of your intention to terminate this agreement not less than 30 days before the expiration of the term.
Termination by us without cause	Section 3	We can terminate this agreement by giving you written notice in as little as seven days before the expiration of the term.
Termination by us with cause	Section 14	We can terminate by reason of default if you commit one of the listed defaults and/or we can enter your premises & remove persons and/or property.
"Cause" defined - Defaults which can be cured	None See Note 2 below	Not Applicable
"Cause" defined - Defaults which cannot be cured	None See Note 2 below	Not Applicable
Your obligations on termination/ non-renewal	Sections 14, 18, 19 & 21 See also policy in Note 3 below	If termination is due to your default you will pay us \$5,000 in liquidated damages. Your other obligations include payment of: all monies due us including interest & \$250 late charge on each delinquent payment; \$1,500 rent per day for each day you remain in possession after termination; & \$250 of your security deposit to cover closing costs.
Assignment of contract by us	None See Note 4 below	Not Applicable. We reserve the right to assign.
"Transfer" by you - definition	Section 13	Transfer includes assign, sublease, mortgage this agreement or allow others to occupy or use the premises.
Our approval of transfer by franchisee	Section 13	You may not assign, sublease, mortgage this agreement or permit others to occupy or use any part of the premises without our prior written consent.
Conditions for our approval of transfer	Section 13 See also Note 5 below	Not Applicable
Our right of first refusal to acquire your business	None	Not Applicable
Our option to purchase your business	None	Not Applicable
Your death or disability	None	Not Applicable
Non-competition covenants during the term of the franchise	None	Not Applicable

Non-competition covenants after the franchise is terminated or expires	None	Not Applicable
Modification of the agreement	None See Note 6 below	Not Applicable
Integration/merger clause	None	Not Applicable
Dispute resolution by arbitration or mediation	None	Not Applicable
Choice of forum	Section 26	All legal actions must be brought in Orange County, California.
Choice of law	Section 26	Only California law will apply.

Notes:

1. The operator agreement is month-to-month and thus does not grant you the right to renew.
2. The operator agreement does not distinguish between defaults which can be cured and defaults which can not be cured.
3. Further obligations by you on termination are to stop use of our system, all marks, trade secrets, colors, symbols and anything that identifies yourself as one of our operators or a former operator; return all materials loaned to you by us; and abide by all provisions not to compete.
4. The operator agreement is fully assignable by us.
5. As a condition to approving an assignment we may also impose conditions similar to those in the franchise agreements, such as you must be in good standing with us, your proposed buyer must demonstrate to us that he/she meets the financial and managerial requirements and agrees to any training or testing we may require. We may also require you to sign a continuing guaranty and a mutual termination agreement attached to this offering circular as Exhibits L and S.
6. The operator agreement contains a liquidated damage clause. Under Civil Code Section 1671, certain liquidated damage clauses are unenforceable.
7. See Notes 7. through 14. above.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19. EARNINGS CLAIMS

In selling an existing Original Hamburger Stand restaurant previously owned by us, we can provide to you a statement of actual sales and earnings from that particular restaurant. This statement is prepared in accordance with generally accepted accounting principles applied on a consistent basis and is usually for a period of three prior years. The statement of sales and earnings is based on the operation of the particular restaurant which may be either as a company-managed restaurant or as a limited franchise restaurant.

Except as stated above, we do not provide you actual, average, projected or forecasted sales, profits or earnings!

ITEM 20. LIST OF FRANCHISE OUTLETS

FULL FRANCHISE RESTAURANT STATUS SUMMARY
FOR YEARS 2005/2004/2003 (1)

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Us	Left the System	Total from Left Columns	Franchises Operating at Year End
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	4/4/4
Colorado	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	2/2/2
Pennsylvania	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/0/0	1/2/2
Texas	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	1/1/1
Wyoming	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Total	0/0/0	0/0/2	0/0/0	0/0/0	1/0/0	1/0/2	10/11/11

Notes:

1. This chart does not include renewed franchises or franchisees who relocated their restaurants.

LIMITED FRANCHISE RESTAURANT STATUS SUMMARY
FOR YEARS 2005/2004/2003

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by Us	Left the System	Total from Left Columns	Franchises Operating at Year End
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Colorado	2/1/0	0/6/12	0/0/0	0/0/0	4/0/0	6/7/12	8/8/9
Texas	0/0/0	0/0/2	0/0/0	0/0/0	0/0/0	0/0/2	0/0/0
Total	2/1/0	0/6/14	0/0/0	0/0/0	4/0/0	6/7/14	9/9/10

Notes:

1. These transfers include limited franchisees who became full franchisees.
2. These terminations include terminations by mutual consent.

Attached to this offering circular as Exhibit T is a list of the names, addresses and telephone numbers of the franchisees who have franchise agreements with us and a list of the names, addresses and telephone numbers of the franchisees who have terminated/departed.

We do not operate company-owned stores.

PROJECTED OPENINGS AS OF DECEMBER 31, 2006

State	Franchise Agreements Signed but Store Not Open	Projected Franchised New Stores in the Next Fiscal Year	Projected Company-owned Openings in the Next Fiscal Year
Arizona	0	0	0
California	0	0	0
Colorado	0	0	0
Pennsylvania	0	0	0
Texas	0	0	0
Wyoming	0	0	0
Total	0	0	0

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit A to this offering circular are the audited financial statements of GGFC for the last three fiscal years ending December 31, 2005, December 31, 2004 and December 31, 2003, along with unaudited financial statements for the period ending March 31, 2006.

ITEM 22. CONTRACTS

We've attached the following agreements, as exhibits, for your review:

<u>A</u>	<u>Financial Statements of Galardi Group Franchise Corp.</u>
<u>B</u>	Franchise Agreement
<u>C</u>	Operator Agreement
<u>D</u>	Amendment to the Operator Agreement
<u>E</u>	Offer to Purchase
<u>F</u>	Deposit Agreement
<u>G</u>	Sublease (with GGRC)
<u>H</u>	Equipment Lease
<u>I</u>	Continuing Guaranty and Subordination Agreement
<u>J</u>	Form Promissory Note
<u>K</u>	Advertising Association Agreement
<u>L</u>	Promotional Allowance Assignment
<u>M</u>	Consent to Transfer Agreement
<u>N</u>	Franchisor's Right to Cure Default (Lender)
<u>O</u>	Franchisor's Right to Cure Default & Consent to Assignment Agreement (Landlord)
<u>P</u>	Mutual Termination Agreement
<u>Q</u>	List of Franchisees & List of Departed Franchisees
<u>R</u>	Negotiated Sales
<u>S</u>	Table of Contents for Operations Manual

ITEM 23. RECEIPT

The last page of the offering circular (following the exhibits and attachments) is a document acknowledging receipt of the offering circular by you (one copy for you and one to be signed for us).