

obsolete or no longer characteristic of the image Stores should project. Franchisee shall submit to Company all paper goods, advertisements and promotional materials not furnished by Company for its approval prior to use.

(7) Franchisee shall not use any of the Marks on any goods and/or for any services otherwise than in compliance with specifications Company issues from time to time, and with such other quality control measures that Company may adopt to promote and defend the goodwill associated with the Marks.

(8) Franchisee shall not knowingly permit, and shall promptly report to Company, any apparently unauthorized use of a Mark and any apparently unauthorized use or copying of any Copyrighted Materials by any Person, or the use by any Person of a trade name, trademark, service mark or symbol that might be construed as an infringement of any Mark or as unfair competition or passing-off at common law, and shall actively cooperate with the Company in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions. Company reserves the right to make the final determination of infringement or other unlawful use, to conduct all legal proceedings relating to the Marks and the Copyrighted Materials, and to compromise or settle all infringement claims.

(9) At no time shall Franchisee make any written or oral admission that a Mark or any of Company's copyrights is in any way invalid or infringes the rights of any Person or is open to any other form of attack, but shall promptly notify Company of any allegation of invalidity or infringement of which Franchisee becomes aware. Company intends to defend its rights in the Marks and the Copyrighted Materials vigorously, but does not warrant to Franchisee that Company's ownership of any of them is incontestable or that they do not infringe or conflict with the rights of any third party.

(10) Upon the expiration or termination of the franchise, Franchisee shall immediately discontinue all further uses of the Marks and Copyrighted Materials and shall take appropriate action to remove the Marks from the premises in which the Store is located, to cancel any advertising relating to Franchisee's use of the Marks or the Copyrighted Materials, including yellow pages listings, and to cancel or withdraw any assumed or fictitious name filings covering Franchisee's use of Company's trade name. Franchisee acknowledges and agrees that failure or refusal to comply fully with these requirements will constitute willful trademark and copyright infringement.

(b) **The System, Trade Secrets and Operations Manual.** Franchisee acknowledges that the System and the Trade Secrets belong exclusively to Company and that the ideas and information in the Operations Manual are Company's sole and exclusive property. Franchisee further acknowledges that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Operations Manual contains may adversely affect the business, competitive position and goodwill of Company and its franchisees. Accordingly, Franchisee agrees to perform and abide by the following provisions and restrictions, each of which shall survive the expiration or termination of this Agreement and shall be perpetually binding upon Franchisee.

(1) Franchisee shall hold the elements of the System, the Trade Secrets and the contents of the Operations Manual in strict confidence, shall not disclose any Trade Secret or any operating or management procedure to any Person other than Franchisee's Area Supervisor, General Manager and bona fide employees of the Store to whom such disclosure is necessary in relation to their job duties, and shall instruct and routinely remind Franchisee's employees that the

System, the Trade Secrets and the contents of the Operations Manual are confidential and may not be disclosed or appropriated. If Franchisee is a Business Entity, it will not disclose any element of the System, any of the Trade Secrets or the contents of the Operations Manual, or make the Operations Manual available, to any shareholder, director, officer, partner, member or manager of Franchisee other than its Area Supervisor, General Manager and other senior executive officers, if any, who are actively and regularly involved in the Store's management.

(2) Franchisee shall not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures the Operations Manual contains in connection with the operation of any establishment or enterprise other than the Store, and shall promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures the Operations Manual contains upon the expiration or termination of the franchise.

(3) Franchisee shall not, without Company's prior written consent, copy or permit any Person to copy or reproduce any part of the Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets or otherwise permit their use or inspection by any Person other than Franchisee, the Area Supervisor, the General Manager, bona fide employees of the Store to whom such disclosure is necessary in relation to their job duties, and authorized Company representatives.

(4) Franchisee acknowledges and agrees that the version of the Operations Manual on file in Company's offices constitutes the standard, official version for purposes of resolving any question or dispute concerning the Operations Manual's contents.

(5) Franchisee shall obtain from each of Franchisee's Area Supervisors, General Managers, supervisors and managerial level employees of the Store a confidentiality agreement that is valid and enforceable under the laws of the state in which the Store operates and that imposes the restrictions and limitations of this Section 12(b) on each such individual for the longest period applicable law permits. Each confidentiality agreement shall designate Company as a third party beneficiary and shall entitle Company to enforce its provisions directly against the signatory Area Supervisor, General Manager, supervisor or manager.

(6) Franchisee shall keep the Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets in the Store at all times and shall promptly return them to Company upon the expiration or termination of the franchise.

(7) Franchisee expressly acknowledges that all employee training materials (including video cassettes and CD-ROM disks) and all computer programs developed by Company or in accordance with its specifications contain information, embody procedures or facilitate business practices that are proprietary to Company and fall within the parameters of its Trade Secrets.

(c) Internet Domain Name and Intranet Network.

(1) Franchisee acknowledges that Company is the lawful, rightful and sole owner of the www.pizzapatron.com domain name and unconditionally disclaims any ownership interest in that phrase or any colorably similar Internet domain name. Franchisee agrees not to register any Internet domain name in any class or category that contains the words Pizza Patrón or any abbreviation, acronym or variation of those words.

(2) If and when Company develops an Intranet network through which Company and its franchisees can communicate by e-mail or similar electronic means, Franchisee agrees to use the facilities of the Pizza Patrón Intranet in strict compliance with the standards, protocols and restrictions Company includes in the Operations Manual. Franchisee especially recognizes the crucial importance of a user's not transmitting confidential information, documents or data via the Pizza Patrón Intranet without first encrypting the transmission with the encryption program Company adopts. Franchisee also recognizes the importance of a user's refraining from making derogatory, defamatory or libelous statements in an Intranet transmission.

13. Transfers.

(a) **Limitations on Transfer.** Franchisee acknowledges that the integrity of the Pizza Patrón Store concept and the stability of the Pizza Patrón Network depend on the business qualifications, financial capabilities, honesty and integrity of Company's franchisees. Franchisee further acknowledges that Company's lack of opportunity to evaluate and approve each potential franchisee's qualifications and the terms of each proposed transfer could irreparably damage the Pizza Patrón franchise system. Consequently, Franchisee agrees not to sell, assign, transfer, give away, pledge, mortgage or otherwise dispose of any interest in the Store or, except as permitted by Section 13(f)(5), the franchise or Franchisee's rights under this Agreement, in any such case without Company's prior written consent. If Franchisee is a Business Entity, any sale, transfer or other disposition of any equity interest in Franchisee shall be considered a transfer covered by and subject to the terms and conditions of this Section 13. Any transfer lacking Company's prior written consent or that otherwise violates the restrictions in this Section 13 will be ineffective against Company and will constitute a default under Section 16(c)(2).

(b) **Conditions to Voluntary Transfer of Rights.** Franchisee may not assign or transfer the franchise before the Store opens for business under any circumstances except those described in Section 13(f). After the Store opens, Company's consent to a voluntary disposition of Franchisee's interest in the franchise or under this Agreement will not be unreasonably withheld, provided that:

(1) At the time of transfer, Franchisee is in full compliance with Franchisee's obligations under this Agreement, including payment of all monetary obligations due Company.

(2) The proposed transfer or other disposition involves the complete disposition of the franchise, and Franchisee relinquishes the franchise and related rights under this Agreement in writing.

(3) Franchisee returns the Operations Manual and all Copyrighted Materials to Company.

(4) The transferee meets Company's standards for qualifying as a new Store Franchisee.

(5) Franchisee furnishes Company a copy of the contract of sale, including price and payment terms, and Company, in its sole discretion, determines that the transferee will be able to satisfy any debt obligations to Franchisee and still derive a reasonable profit from the Store's operation.

(6) The transferee provides Company pro forma profit and loss and cash flow projections for the 24 months following the transfer (including provision for principal and interest on

any obligations payments to Franchisee). These projections must demonstrate to Company's reasonable satisfaction that the transferee can operate the Store without experiencing a loss or negative cash flow. If these projections, as adjusted to take into account factors Company points out, indicate that the transferee may experience a loss or negative cash flow, but Franchisee and the transferee prevail upon Company to approve the transfer anyway, the transferee must waive any claims against Company related to Company's approval of an economically questionable transaction.

(7) The transferee executes then current forms of Franchise Agreement (which will limit the term of the transferee's franchise to the unexpired term of Franchisee's franchise), Assignment of Telephone Number(s), Authorization Agreement for Preauthorized Payments, and other collateral agreements Company may then require.

(8) The transferee provides Company a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Franchisee or its representatives provided the transferee.

(9) Each general partner or holder of 15% or more of the transferee's equity executes a Guaranty and Acknowledgment (a "Guaranty") in the form appended to this Agreement.

(10) The transferee and the transferee's General Manager satisfactorily complete Company's training program.

(11) Company receives a \$5,000 transfer fee from either the transferor or the transferee.

(12) If Company agrees to release Franchisee or any other Person from further liability under this Agreement or under a Guaranty, Franchisee and each such other Person must also give Company an unconditional, general release of all claims they may have against Company and its Affiliates.

(c) **Involuntary Transfers.** No involuntary transfer or partitioning of Franchisee's interest in the franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Company unless and until the transferee (1) furnishes Company a signed Guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (2) agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (3) unless the transfer encompasses Franchisee's total interest in the franchise and under this Agreement, irrevocably designates and appoints Franchisee to be the transferee's agent and attorney-in-fact with whom Company may deal for all purposes expressed in or contemplated by this Agreement.

(d) **Conditions to Equity Transfer.** Company will not permit the transfer of an equity interest in a corporate, partnership or limited liability company franchisee before the Store opens for business under any circumstances except those described in Section 13(f). After the Store opens, Company's consent to a voluntary or involuntary sale, assignment or transfer of an equity interest in a franchisee that is a corporation, partnership or limited liability company will not be unreasonably withheld, provided that:

(1) At the time of transfer, Franchisee is in full compliance with its obligations under this Agreement, including payment of all monetary obligations due Company.

(2) Each proposed transferee of a general partnership interest in a partnership Franchisee and each proposed transferee of a 15% or greater interest in a corporate or limited liability company Franchisee's equity meets Company's standards for qualifying as a new Store Franchisee and delivers a signed Guaranty to Company.

(3) If the transfer involves 50% or more of the equity interest in Franchisee, the transferees comply with Sections 13(b)(5), 13(b)(6), 13(b)(8), 13(b)(9) and 13(b)(10).

(4) If Company agrees to release Franchisee from further liability under this Agreement or its owners from further liability under a Guaranty, Franchisee and each of its owners must also give Company an unconditional, general release of all claims they may have against Company and its Affiliates.

(e) **Waiver of Interference Claims.** Franchisee acknowledges that Company has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Company's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Company to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Franchisee waives any claim that action Company takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

(f) **Special Transfers.**

(1) If Franchisee is an individual or partnership who at any time advises Company that Franchisee wants to assign the franchise to a corporation or limited liability company in which Franchisee will own a 100% voting equity interest (and, in the case of a partnership, with share ownership in the corporation or limited liability company apportioned substantially the same as were the partnership interests), Company will consent to the assignment and waive payment of a transfer fee and its right of first refusal under Section 13(g) upon its receipt of such documentation and information concerning the corporation or limited liability company and its equity owners as Company may reasonably request. The required documentation will include, without limitation, (i) a certified list of the corporation's stockholders or beneficial owners (designating the amount and percentage of stock or units of beneficial ownership each equity owner owns), (ii) a Guaranty signed by each holder of 15% or more of the corporation's equity, and (iii) an express assumption by the corporation of Franchisee's obligations under this Agreement.

(2) If Franchisee is a Business Entity, Company will consent to assignments and transfers of ownership interests among Franchisee's original stockholders, partners or members and waive payment of a transfer fee and its right of first refusal under Section 13(g) upon its receipt of such documentation and information concerning the assignment or transfer and the resulting ownership of Franchisee as Company may reasonably request. The required documentation will include, without limitation, a Guaranty signed by each holder of 15% or more of a corporate or limited liability company Franchisee's stock or units of beneficial ownership, or of a general partnership interest in a partnership Franchisee who has not previously signed a Guaranty. If Company agrees to release any retiring stockholder, partner or beneficial owner from further liability under a Guaranty, the retiring stockholder, partner or beneficial owner must also give Company an unconditional, general release of any claims the stockholder, partner or beneficial owner may have against Company.

(3) If Franchisee is an individual, Franchisee may effect a transfer under Section 13(f)(1) and simultaneously or later transfer a cumulative total of not more than 49% of the Business Entity's equity securities to any combination of Franchisee's spouse, natural or adopted children or an inter vivos (lifetime) trust created for the benefit of Franchisee's spouse and/or children. Company will consent to the transfer and waive payment of a transfer fee and its right of first refusal under Section 13(f) upon its receipt of such documentation and information concerning the transfer and the resulting ownership of the Franchisee's stock or units of beneficial ownership as Company may reasonably request. The required documentation will include, without limitation, (i) a certified list of the corporation's equity owners (designating the amount and percentage of stock or units of beneficial ownership each equity owner owns), and (ii) a Guaranty signed by each holder of 15% or more of the corporation's equity who has not previously signed a Guaranty.

(4) If Franchisee is a Business Entity, each of Franchisee's equity owners may transfer a cumulative total of not more than 49% of his or her ownership interest in Franchisee to any combination of the individual's spouse, natural or adopted children or an inter vivos trust created for the benefit of the individual's spouse and/or children. Company will consent to the transfer and waive payment of a transfer fee and its right of first refusal under Section 13(g) upon its receipt of such documentation and information concerning the transfer and the resulting ownership of Franchisee as Company may reasonably request. The required documentation will include, without limitation, (i) a certified list of the Franchisee's equity owners (designating the amount and percentage of stock, partnership interests or units of beneficial ownership each Person owns), and (ii) a Guaranty signed by each holder of 15% or more of Franchisee's equity who has not previously signed a Guaranty.

(5) Franchisee may grant a security interest in this Agreement or the franchise to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the Store's operations and may not under any circumstances entitle or permit the secured party to take possession of or operate the Store or to transfer Franchisee's interest in the franchise without Company's express prior written consent. The grant of a security interest in a manner consistent with this Section 13(f)(5) will not be subject to the prohibition in Section 13(a).

(g) **Right of First Refusal.** Notwithstanding Sections 13(b), 13(c) or 13(d), Franchisee may not voluntarily or involuntarily transfer or otherwise dispose of any interest in the franchise or permit the sale, assignment or transfer of a controlling equity interest in Franchisee without first offering in writing to sell the interest to Company upon the terms and conditions, including price and payment terms, that are recited in a bona fide written offer the proposed seller obtains. Franchisee must furnish Company a copy of the written offer, together with (1) a recent balance sheet of the Store (or of Franchisee if it is a Business Entity), (2) copies of Franchisee's building and equipment leases, (3) a schedule of notes and trade accounts then payable by Franchisee, and (4) copies of any other information that Franchisee or the proposed seller furnishes to the offeror. Company shall have 30 days following its receipt of Franchisee's written offer and related information to accept or reject it, and at least 30 additional days to consummate the purchase.

(h) **Purchase Upon Franchisee's Death or Disability.**

(1) This Section 13(h) applies only if (i) an individual Franchisee or the beneficial owner of 50% or more of the outstanding equity securities of a Business Entity Franchisee dies or becomes disabled during the term of the franchise, and (ii) the death or disability results in a change in executive-level responsibility for managing the franchised business.

(2) During the first 120 days after the death or disability occurs, Company will evaluate the new management's willingness and ability to operate the Store in compliance with this Agreement. By the end of the 120-day evaluation period, Company will decide whether the new management is qualified to manage the Store and will notify management of its decision. As conditions to continuing the franchise relationship, each new proprietor, general partner or beneficial owner of 15% or more of Franchisee's equity must furnish Company a signed Guaranty, and any deficiency in Franchisee's compliance with the requirements of this Agreement must be cured. Further, Company may require the new management to attend and satisfactorily complete the training program provided under Section 6(a)(3).

(3) If any of the conditions stated in Section 13(h)(2) are not satisfied, or if Company decides that the new management has not adequately demonstrated its business qualifications or commitment to the franchise relationship, the owners of the franchise will have 120 days after delivery of Company's notice to sign a binding contract to sell the franchise to a buyer approved by Company in accordance with, and in a transaction structured to comply with, Section 13(b) or 13(d), whichever is applicable. The proposed sale will be subject to Company's right of first refusal under Section 13(g).

(4) If any of the franchise's owners fail to sign a binding contract of sale before the 120-day selling period expires, or (i) if a contract is signed, but the proposed sale is not concluded within 30 days after Company relinquishes its option under Section 13(g), Company will have an additional option during the next 30 days to purchase the interest in the franchise or in the Franchisee the deceased or disabled person held at the date of death or disability. The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing. If Company delivers written notice of its intention to exercise the option within the 30-day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the 30-day period.

(5) If the parties fail to agree on a purchase price for the interest within 21 days after delivery of Company's notice, the issue will be submitted as promptly as possible to a group of three appraisers who are experienced in valuing similar franchises, one of whom will be selected by Company, another by the decedent's estate, and the third by the first two appraisers. All parties agree to submit to such appraisal proceedings, to be bound by the decision of a majority of the appraisers and to share payment of the appraisers' fees and expenses equally.

(i) **Assignment by Company.** Company may assign this Agreement and its rights and obligations as franchisor of the Pizza Patrón franchise system to any assignee who, in Company's sole judgment and discretion, is capable of performing Company's obligations under this Agreement in a reasonably competent manner. Nothing in this Agreement will be interpreted to place any restrictions on the issuance, sale or transfer of any shares of Company's capital stock.

14. Interest on Delinquent Accounts. If Franchisee fails to make any royalty, marketing fee, Ad Fund contribution or trade account payment to Company within five business days after it is due, the amount payable will bear interest from the date it became due through the date of payment at the lesser of (i) 2% in excess of the prime commercial rate of interest reported in the Wall Street Journal (Southwestern edition), adjustable daily, or (ii) the highest lawful rate of interest permitted by applicable Texas and federal law. Nothing in this Agreement shall obligate Franchisee or any guarantor of Franchisee's obligations to pay, or entitle Company to collect, interest in excess of the maximum rate applicable law permits. If, for any reason, Company charges or receives interest in

excess of the maximum rate permitted by applicable law, the excess shall be applied as a payment against the principal amount of Franchisee's other obligations under this Agreement. If no other obligations are due, Company shall promptly refund the excess payment to the party that paid it.

15. Store Relocation.

(a) If the lease for the Store expires or is terminated before the end of the franchise's term, Franchisee may move the Store to another location chosen in accordance with the site selection procedure outlined in the Development Agreement. The new location (i) must be in the original Store's general trade area (as determined by Company in its sole judgment), and (ii) may in no case infringe another Store's protected Trade Area. When Company approves the location for the new Store, Company will prepare a new Exhibit B to this Agreement that describes the new Store's Trade Area. The new Exhibit B will replace the Exhibit B attached to this Agreement for all purposes of this Agreement, including that of identifying the area in which Franchisee will enjoy competitive protection pursuant to Section 4.

(b) If Franchisee loses possession of the original Store's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, or as the result of a default termination, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 60 days after the original Store closes. If Franchisee's lease is terminated on account of a fire or other casualty, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 120 days after the lease for the original Store terminates.

16. Default.

(a) If any event or condition listed in this Section 16 (an "Event of Default") occurs, Franchisee will be in default under this Agreement, whether or not Company gives notice of the default. Company's failure to take prompt action with respect to a particular Event of Default will not constitute a waiver of that or any subsequent Event of Default.

(b) Following are Events of Default that Franchisee (or another responsible Person) may cure by taking appropriate remedial action within a prescribed time after Company demands remedial action. Unless Franchisee (or another responsible Person) cures such an Event of Default before the end of the indicated remedial period, Company may terminate the franchise or take any of the other actions Section 17 permits. If the Event of Default is cured to Company's satisfaction before Company gives Franchisee notice of termination, Company will not proceed under Section 17.

(1) Franchisee fails to construct and open the Store in compliance with Sections 7(b), 7(c)(1), 7(c)(2) or 7(c)(5), or to complete Company's training program in accordance with Section 7(c)(3). REMEDY - Franchisee must complete any unfulfilled requirement within 15 days after Company notifies Franchisee in writing of the action to be taken.

(2) Franchisee fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in Sections 5, 7(a), 7(c)(1) through 7(c)(4), 7(c)(6) through 7(c)(9), 7(c)(11) through 7(c)(14), 7(c)(16), 7(c)(17), 7(c)(19) through 7(c)(21), 7(c)(25) or 7(c)(26). REMEDY - Franchisee must correct any element of noncompliance within 30 days after Company notifies Franchisee in writing of the remedial action to be taken.

(3) Franchisee fails to pay any trade obligation due to a vendor with whom

Company or any of its Affiliates does business, as a result of which the vendor withholds or threatens to withhold the sale of goods or services, or withdraws or threatens to withdraw the availability of normal trade terms, to Company, any Company Affiliate or another franchisee. REMEDY - Franchisee must pay the obligation in full within 10 days after Company makes written demand for payment, unless Franchisee is actively contesting the amount or validity of the vendor's claim in good faith and promptly furnishes Company a statement of the reasons Franchisee is withholding payment and the action Franchisee is taking to resolve the dispute. So long as Company concurs that Franchisee is actively contesting the claim in good faith, Franchisee may continue withholding payment of the disputed amount until the dispute is resolved.

(4) Franchisee fails to take appropriate action to correct any condition noted as "unsatisfactory" or "needs improvement" in any BCE Inspection report within 15 days after receiving a copy of the report. REMEDY - Franchisee must initiate appropriate corrective action within five business days after Company notifies Franchisee in writing of the condition to be corrected and must complete the corrective action within a reasonable time.

(5) Franchisee fails to submit when due a report required by Section 7(a)(4) or a financial statement required by Section 7(c)(25), or to furnish a tax return required by Section 7(c)(23) promptly after Company requests it. REMEDY - Franchisee must submit the report, financial statement or tax return within 10 days after Company makes written demand upon Franchisee for its submission.

(6) Franchisee fails to fulfill any requirement or to perform any obligation set forth in Section 8 with respect to advertising and promotions (other than a failure to make marketing fee or Ad Fund contributions, which are covered by Section 16(c)(1)), or in Sections 13(i) and 13(j) with respect to ownership restrictions and reports. REMEDY - Franchisee must correct the failure or breach within 30 days after Company gives Franchisee written notice specifying the default.

(7) Franchisee or any other Person bound under Section 24 attempts to hire an employee of Company or another franchisee in violation of Section 7(c)(10); fails or refuses to honor a request for indemnification under Section 7(c)(27); breaches any restriction or obligation set forth in Section 10 or any related Terms of Use agreement; breaches any covenant or obligation set forth in Sections 13(a), 13(b)(5), or 13(b)(6), or otherwise makes any unauthorized use of a Mark, an item of Copyrighted Materials or an element of the System. REMEDY - The breaching party must remedy the breach, honor the request or permanently cease the unauthorized use within 10 days after Company makes written demand upon Franchisee to take specified curative action.

(8) Franchisee asserts a claim to the Pizza Patrón domain name, any Mark, any item of Copyrighted Materials or any element of the System adverse to Company's interests. REMEDY - Franchisee must unconditionally withdraw the claim within 10 days after Company makes written demand that Franchisee do so.

(9) The lease for the Store expires or is terminated and Franchisee fails to relocate the Store in accordance with Section 15. REMEDY - Franchisee must reopen the Store in another approved location within 15 days after Company makes written demand that Franchisee do so.

(10) Franchisee knowingly engages in any activity or business practice that Company reasonably considers detrimental to the goodwill and public image of the Pizza Patrón franchise system. REMEDY - Franchisee must permanently cease the activity or business practice within 10 days after Company makes written demand upon Franchisee to cease any activity

specified in the notice.

(c) Following are Events of Default that Franchisee can cure only by taking voluntarily remedial action of the indicated character before Company gives Franchisee notice of termination or, with respect to the second Event of Default, a transfer occurs.

(1) Franchisee fails to pay in full when due any royalty or marketing fee payment in accordance with Section 10(b), any Ad Fund contribution in accordance with Section 8, or any trade account (including shipping charges) payable to Company or its Affiliates. ACTION - Franchisee must make payment in full, with interest as provided in Section 14, before Company gives Franchisee notice of termination.

(2) Franchisee or any other Person bound under Section 23 either (i) fails to observe or comply with the requirements of Section 13 in connection with any sale, assignment or transfer, or (ii) makes a material representation in any transfer request or document in support of a transfer request. ACTION - Franchisee must correct all elements of non-compliance, including misrepresentations, before the sale, assignment or transfer is completed (including correction of misrepresentations in time for Company to have a reasonable opportunity to consider and act on the corrected information).

(d) Following are Events of Default that are irreversible and cannot be cured; Franchisee will have no opportunity to cure these Events of Default.

(1) Franchisee or any other Person bound under Section 23 breaches the non-competition covenant in Section 19(a); the covenants concerning use of the System, the Operations Manual or the Pizza Patrón Intranet in Sections 12(b)(1), 12(b)(2), 12(b)(3), or 12(c)(2); or any of the representations, warranties and covenants stated in Section 19(b) with respect to terrorist activities and money laundering.

(2) Franchisee sells the Store's assets or transfers possession of its premises in violation of Section 7(c)(28), or abandons the Store. Franchisee will be conclusively presumed to have abandoned the Store if Franchisee fails to open it for retail trade during normal business hours on more than three consecutive days or on more than four of any 10 consecutive days, in either case excluding periods the Store is undergoing major renovations or remodeling in accordance with a schedule Franchisee has worked out with Company.

(3) Franchisee or any other Person bound under Section 23 tampers with or disables the Store's Information Systems or Company's ability to access them, or refuses to permit Company to conduct a BCE Review permitted under Section 7(c)(18), an audit permitted under Section 7(c)(24) or a financial records inspection permitted under Section 7(c)(25), or to electronically poll the Store's Information Systems in accordance with Section 7(c)(22).

(4) Franchisee intentionally revokes the direct debit authorization agreement Section 10(b) requires, or closes the account to which the authorization agreement applies without first having established another royalty payment account and having signed and delivered to Company a new Authorization Agreement for Preauthorized Payments on a form acceptable to Company and its bank.

(5) Company decides not to exercise the additional option provided in Section 13(h)(4) with respect to the sale of the franchise by a deceased Franchisee's heirs.

(6) Franchisee and/or any Person bound under Section 23 commits or allows to occur three or more Events of Default in any 12-month period, whether or not the Events of Default are related types of default and whether or not they are cured.

(7) Franchisee or any guarantor of Franchisee's monetary obligations to Company becomes insolvent, admits in writing the inability to pay the monetary obligations of Franchisee or the guarantor as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute.

(8) A receiver or trustee is appointed for all or a substantial part of Franchisee's assets, or a judgment for an amount in excess of \$5,000 is entered against Franchisee that Franchisee does not pay or cannot stay within 30 days after the judgment is entered.

17. Termination; Other Remedies.

(a) If Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Company may at its sole discretion, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate the franchise and Franchisee's rights under this Agreement or compel Franchisee to sell the Store in accordance with Section 17(d). Upon termination or expiration of the franchise, Franchisee's right and privilege to use the Marks, the Copyrighted Materials, the Trade Secrets and all components of the Operations Manual shall absolutely and unconditionally cease. Franchisee shall immediately:

(1) discontinue use of the Marks, the Copyrighted Materials, the System and the Trade Secrets;

(2) return to Company the entire Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets;

(3) remove from the Store's premises all interior and exterior Pizza Patrón signs and other uses of the Marks; and

(4) alter the Store's interior to remove all Trade Dress items and otherwise eliminate the distinctive features of the Store concept.

(b) Upon the franchise's termination or expiration, Company may immediately file with Franchisee's local telephone company all Assignments of Telephone Number(s) that Franchisee provided Company in accordance with Section 7(c)(4), and may instruct the telephone company to transfer use and control of the Store's telephone number(s) to Company or its designee. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect the transfer of the Store's telephone number(s), including authority to execute and deliver on Franchisee's behalf any Transfer of Service Agreement the telephone company requires, and to revoke any call-forwarding or similar instructions Franchisee has given the telephone company. Company shall have no liability to Franchisee on account of or arising from any action it authorizes or takes to effect the transfer of the Store's telephone number(s) in accordance with this Section 17(b). In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 23 to enforce compliance with these requirements.

(c) If Franchisee does not comply with the requirements of Section 17(a) within seven days after the franchise's termination or expiration, Company may, at Franchisee's expense, enter the Store's premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect compliance with Section 17(a)'s requirements, and Company shall have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance. In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 23 to enforce compliance with these requirements.

(d) In lieu of immediately terminating the franchise in accordance with Section 17(a), Company may order Franchisee to sell the Store and transfer Franchisee's rights under this Agreement to a purchaser designated by or acceptable to Company. After Company orders Franchisee to sell the franchised business, Franchisee shall have no further right or opportunity to remedy a default or to reinstate Franchisee's right to continue operating the Store. Except for Company's right to approve a proposed purchaser's financial and business qualifications and to ensure that all royalties, marketing fees and other amounts due Company are paid at the closing of the sale, Franchisee shall be entitled to establish and negotiate the terms of sale. If Franchisee does not negotiate definitive terms of sale with a qualified purchaser, either designated by Company or located by Franchisee and approved by Company, within 90 days after Franchisee receives Company's demand to sell, or does not consummate the sale within 45 days after negotiations are completed, Company may terminate the franchise under Section 17(a) without further notice.

(e) In addition to the preceding rights and remedies (and in lieu of immediately exercising its rights under Section 17(a)), Company may notify each distributor of Pizza Patrón brand products and merchandise that Franchisee is no longer authorized to purchase these items or any paper goods imprinted with any of the Marks, and that sales of such merchandise to Franchisee must therefore be discontinued until further notice from Company.

(f) In addition to the preceding rights and remedies, Company may recover all royalties, marketing fees, Ad Fund contributions and trade obligations due Company, plus interest under Section 14, with or without terminating the franchise. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Company's reasonable attorneys' fees and costs of collection, plus a reasonable charge for the staff and administrative time Company expends to enforce its claims.

(g) In addition to the preceding rights and remedies, Company may cancel Franchisee's account on the Pizza Patrón Intranet network and deny Franchisee further access to communication via the Intranet, with or without terminating the franchise.

(h) In addition to the preceding rights and remedies, Company may obtain injunctive relief, without bond, against Franchisee and/or any other Person bound under Section 23 restraining the unauthorized or violative use of any Mark, item of Copyrighted Materials or Trade Secret, with or without terminating the franchise.

(i) In addition to the preceding rights and remedies, Company may recover damages from Franchisee and any other Person bound under Section 23 for the unauthorized use of any Mark and/or Trade Secret or the unauthorized use, copying or distribution of any item of Copyrighted Materials, and for any loss of customer or future Franchisee goodwill in the Store's

Trade Area.

(j) In addition to the preceding rights and remedies, Company shall have an option (but no obligation) to purchase all or any part of the Store's signs, equipment, fixtures and useable inventory from Franchisee for 60 days after the franchise expires or is terminated. The purchase price for signs and equipment will equal their net book value (cost, less depreciation) or fair market value, whichever is lower; the purchase price for useable inventory will equal its invoiced cost to Franchisee. The purchase price will be payable in cash (except that Company may assume any note or lease covering signs, equipment or fixtures). Franchisee agrees to provide Company the information necessary to establish the purchase price, to sign and deliver to Company a bill of sale or an assignment of lease, and otherwise to cooperate with Company in its taking title to and delivery of the items Company purchases. If Franchisee fails or refuses to comply with its obligations under this Section during the option period, Company's option will be extended until 15 days after Franchisee complies.

NOTE: Termination of the franchise shall ordinarily become effective upon Company's delivery of written notice of termination to Franchisee. However, if (1) an Event of Default occurs, and (2) before Company delivers notice of default and/or notice of termination, a voluntary or involuntary petition is filed under any chapter of the United States Bankruptcy Code by, on behalf of, or against Franchisee, and (3) the Event of Default remains unremedied at the time the bankruptcy or reorganization petition is filed, no notice of default or termination shall be required. Instead, if Franchisee files a voluntary petition for liquidation or reorganization under the United States Bankruptcy Code, termination shall automatically become effective the instant a petition is signed by or on behalf of Franchisee. If an involuntary petition is filed, termination shall automatically become effective the instant the petition is submitted to the clerk of the Bankruptcy Court for filing.

18. Liquidated Damages.

(a) If after (1) the expiration of the franchise in accordance with Section 11, or (2) the termination of the franchise by Company in accordance with Section 17, Franchisee continues to use any of the Marks or element of the System in connection with the continued operation of the Store or otherwise, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to collect from Franchisee, and Franchisee agrees to pay a weekly royalty for such use of the Marks and/or the System equal to 150% of the royalties that Franchisee would otherwise have been obligated to pay under Section 10.

(b) If Franchisee unilaterally repudiates and surrenders the franchise before the expiration of its term and, within 24 months after the date of termination, directly or indirectly commences operation of a quick service food business that serves pizza as a primary menu item, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive throughout the entire remaining term of the franchise, and Franchisee agrees to pay, a weekly fee equal to 10% of the competing operation's revenues, measured in accordance with the definition of Gross Sales in the Glossary attached to this Agreement.

(c) If Franchisee directly or indirectly opens or participates in the ownership or operation of a business in violation of the covenant not to compete expressed in Section 19(a), then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive throughout the term of the covenant, and Franchisee agrees to pay, a weekly fee equal to 10% of the competing operation's revenues, measured in accordance with the definition of Gross Sales in the Glossary attached to this Agreement.

(d) If Franchisee disposes of the Store's operating assets or premises in violation of Section 7(b)(28) and the purchaser refuses to sign a Franchise Agreement for the continued operation of the Store as a Pizza Patrón restaurant, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive, and Franchisee agrees to pay, a sum equal to the royalties Company would otherwise have received during the remaining term of the franchise, discounted to present value. In calculating the royalties Company would otherwise have received, Franchisee will be deemed to have earned annual Gross Sales for the balance of the franchise term equal to one third of the Store's Gross Sales for the 36 months preceding the date on which the violative disposition occurs.

19. Special Representations, Warranties and Covenants.

(a) **Covenant Against Competition.** In consideration of Company's providing operations and management training to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee covenants and agrees that, during the term of the franchise and for two years after its expiration or termination, Franchisee will not own or operate, directly or indirectly, or accept employment by or hold an interest in any quick service food business that serves pizza as a primary menu item, except as a franchisee of Company. During the term of the franchise, Franchisee's covenant not to compete will apply universally; for the two-year period after the franchise expires or is terminated, Franchisee's covenant will apply in the DMA in which the Store is located and in each other DMA in which a Company-owned or franchised Store is then operating or under development. For purposes of calculating the duration of the two-year period, any time during which Franchisee is in violation or breach of the covenant shall be excluded. Franchisee acknowledges that Franchisee's covenant not to compete is reasonable and necessary to protect the business and goodwill of the Pizza Patrón franchise system and to avoid misappropriation or other unauthorized use of the System and Company's other Trade Secrets. Franchisee acknowledges and confirms that Franchisee possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that serves pizza as its principal product.

(b) **Terrorist and Money Laundering Activities.** Franchisee represents and warrants to Company that neither Franchisee, nor any owner of an equity interest in Franchisee, nor any executive officer of Franchisee, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee represents and warrants that neither it nor any equity owner, executive officer or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee shall immediately notify Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

(c) **Security Interest in Gross Sales.** To secure payment by Franchisee of royalties, Ad Fund contributions, Website Fees and other amounts due Company under this Agreement,

Franchisee grants to Company a first priority security interest and lien in the Store's Gross Sales. To perfect this security interest, concurrently with the execution of this Agreement, Franchisee will sign and deliver to Company a Form UCC-1 financing statement suitable for filing with the Secretary of State of the state in which the Store is located. Franchisee also agrees to execute and deliver such additional documents and to do all such further acts and things as Company may request to evidence and further perfect its security interest in the Store's Gross Sales. Company and Franchisee mutually agree that Franchisee will enjoy unrestricted use of the Store's Gross Sales until (1) Franchisee defaults in the payment of an obligation secured by the Store's Gross Sales, (2) any other creditor of Franchisee asserts a security interest in or claim to the Store's Gross Sales superior to Company's security interest, (3) Franchisee files a petition for relief under any chapter of the United States Bankruptcy Code, or (4) Franchisee becomes the subject of an involuntary petition under any chapter of the United States Bankruptcy Code that is not dismissed within 30 days after its filing. Upon the occurrence of any such event, Franchisee will be in default under the security agreement this Section 19(c) establishes, and Company may immediately exercise all the right of a secured creditor with respect to the Store's Gross Sales that are provided in Article 9 of the Uniform Commercial Code.

20. Partial Invalidity. The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding shall not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision shall be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, shall continue in full force and effect.

21. Notices. All notices or demands required or permitted under this Agreement shall be in writing and shall be delivered either by certified or registered mail, first class postage prepaid, by commercial courier or by telecopier. Notices delivered by mail or courier shall be addressed to the intended recipient at the address for notices shown in the Summary Page, except that either party may at any time change its address for notices by giving the other party at least 10 days' prior notice in accordance with this Section 21. Notices delivered by mail will be deemed delivered three business days after deposit with the United States Postal Service, first class postage prepaid, certified or registered mail, return receipt requested, addressed; notices delivered by courier will be deemed delivered on the delivery date shown in the courier's records; and notices delivered by telecopier will be deemed delivered at the time the recipient's fax machine acknowledges receipt.

22. Status of Parties. This Agreement is not intended to create, and shall not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other "special" relationship between Company and Franchisee, and no representation to the contrary shall be binding upon Company.

23. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Company and Franchisee and their respective successors, assigns, executors, heirs and personal representatives. If Franchisee is, or subsequently transfers the franchise to, a Business Entity, each holder of 15% or more of Franchisee's equity securities shall also be personally and individually bound by the provisions of Sections 7(c)(10), 7(c)(24), 7(c)(27), 7(c)(28), 12, 13, 19(a), 19(b) and 24 of this Agreement.

24. Law Govering; Dispute Resolution.

(a) EXCEPT AS OTHERWISE STIPULATED IN SECTIONS 24(d) AND 24(e), OR UNLESS EXPRESSLY PROHIBITED BY THE FRANCHISING STATUTES OF THE STATE IN WHICH THE STORE IS

LOCATED, THIS AGREEMENT SHALL FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICT OF LAW RULES SHALL NOT APPLY.

(b) The parties agree to use their best efforts to resolve and settle by direct, private negotiation any claim, controversy or dispute (a "Dispute") that arises under or in relation to this Agreement or that concerns the relationship created by this Agreement.

(c) If the parties cannot resolve and settle a Dispute by private negotiation within 60 days after one party gives the other written notice that a Dispute exists, the parties mutually agree to submit the Dispute to non-binding mediation, as follows:

(1) Mediation shall occur in Dallas, Texas before a single mediator, using the facilities and mediation rules of a professional dispute-resolution organization selected by Company and reasonably acceptable to Franchisee (the "Mediation Organization"). If the parties cannot agree on a Mediation Organization, they will use the facilities and mediation rules of the National Franchise Mediation Program.

(2) The parties shall jointly select a mediator from the panel of mediators maintained by the Mediation Organization. The mediator must be either a retired judge or an individual experienced in business format franchising or franchise law who has no prior social, business or professional relationship with either party. If the parties are unable to agree on a mediator within 30 days after the Dispute is submitted to mediation, the Mediation Organization will select a mediator who possesses the indicated qualifications.

(3) The parties will share the mediation filing fee equally, but will otherwise separately bear their own costs and expenses (including legal fees) of participating in the mediation process. Each party agrees to send at least one representative to the mediation conference who has authority to enter into binding contracts on that party's behalf. Each party further agrees to sign a confidentiality agreement that exempts the mediator from disclosing, orally or in writing, any information the other party discloses to the mediator in confidence at any stage of the mediation process.

(4) If either party fails or refuses to participate in mediation in accordance with this Section 24(c), the other shall be entitled to immediately submit the Dispute to binding arbitration in accordance with Section 24(d).

(d) If the parties cannot fully resolve and settle a Dispute through mediation within 30 days after the mediation conference concludes, all unresolved issues involved in the Dispute shall be submitted to binding arbitration, as follows:

(1) Either party may make a demand for arbitration.

(2) Arbitration proceedings shall be conducted in Dallas, Texas before a single arbitrator, using the facilities and commercial arbitration rules of the Mediation Organization or another professional dispute-resolution organization selected by Company and reasonably acceptable to Franchisee (the "Arbitration Organization"). If Company selects an Arbitration Organization other than the Mediation Organization and Franchisee reasonably objects to Company's choice, the parties will use the American Arbitration Association's facilities and commercial arbitration rules.

(3) The Arbitration Organization's expedited arbitration procedure shall apply to the arbitration proceedings. To the greatest extent permitted by law, Company and Franchisee waive the application of all rules of discovery and evidence the Arbitration Organization's expedited procedure does not expressly make applicable.

(4) The parties shall jointly select an arbitrator from the panel of arbitrators maintained by the Arbitration Organization. The arbitrator must be either a retired judge or an attorney experienced in the practice of franchise law who has no prior social, business or professional relationship with either party and who agrees to follow and apply the express provisions of this Agreement in determining his or her award. If the parties are unable to agree on an arbitrator within 30 days after the arbitration demand is filed, the Arbitration Organization will select an arbitrator who possesses the indicated qualifications.

(5) The arbitrator's award shall be final and binding on all parties, and neither party shall have any right to contest or appeal the arbitrator's award except on the grounds expressly provided by the United States Arbitration Act (the "Arbitration Act"). The party who demands arbitration shall pay the arbitration filing fee, but the parties will otherwise separately bear their own costs and expenses (including legal fees) of participating in the arbitration process. Responsibility for the arbitrator's fees and expenses shall be determined as part of the arbitrator's award.

(6) The procedures contemplated by and the enforceability of this Section 24(d) shall be governed by the Arbitration Act and shall be interpreted and enforced in accordance with United States federal judicial interpretations of the Arbitration Act.

(e) Notwithstanding Sections 24(c) and 24(d), the parties mutually agree that Company will not be obligated to mediate or arbitrate any claim arising from Franchisee's alleged infringement of the Marks or the Copyrighted Materials, or other alleged misappropriation of Company's intellectual property. The parties agree that any action based on infringement of any of the Marks or Copyrighted Materials, or misappropriation of Company's other intellectual property shall be governed by and interpreted and enforced in accordance with the United States Trademark (Lanham) Act or the United States Copyright Act (whichever applies to the particular action), and shall be litigated in any federal District Court sitting in Dallas County, Texas. The parties further agree to submit to the jurisdiction and venue of any such federal District Court and that service of process by certified mail, return receipt requested, shall be sufficient to confer *in personam* jurisdiction over them in connection with any intellectual property litigation.

(f) Further, notwithstanding Sections 25(c) and 25(d), the parties mutually agree that Company shall not be obligated to mediate or arbitrate any claim arising from Franchisee's failure to pay when due any royalty or other monetary obligation to Company, unless Franchisee asserts a counter-claim based on Company's alleged breach of a material obligation under this Agreement, in which case Company's suit will be stayed and the entire matter will be referred to arbitration. The parties agree that any action to collect any sums that Franchisee owes Company shall be litigated in any federal or state District Court sitting in Dallas County, Texas. The parties further agree to submit to the jurisdiction and venue of any such federal or state District Court and that service of process by certified mail, return receipt requested, shall be sufficient to confer *in personam* jurisdiction over them in connection with any collection litigation.

25. Condition Precedent. If Franchisee is a Business Entity, this Agreement will not be binding on Company and no franchise will be granted unless and until each holder of 15% or more of Franchisee's equity securities executes and delivers a Guaranty and Acknowledgment in the

form appended to this Agreement.

26. Miscellaneous.

(a) The term "Franchisee" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

(b) Except as provided in Section 8(d)(3), this Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Company and Franchisee. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Operations Manual, which Company may modify unilaterally.

27. Franchisee's Acknowledgments.

(a) Franchisee acknowledges and agrees that this Agreement, together with any duly executed amendment or addendum attached to this Agreement, and the Franchise Offering Circular contain the entire agreement between the parties with respect to Franchisee's franchise for the Store, and that it supersedes any prior or contemporaneous agreements between the parties, written or oral, with respect to the franchise for the Store. _____ [FRANCHISEE'S INITIALS]

(b) Franchisee confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Franchisee that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement. _____ [FRANCHISEE'S INITIALS]

(c) Franchisee confirms and acknowledges that, except for the Item 19 Earnings Claim included in the Franchise Offering Circular Company delivered to Franchisee, no Person representing Company made any oral, written or visual claim, presentation or representation to Franchisee that stated or suggested that Franchisee's Store might attain any actual, projected or forecasted level of sales, income or profits. _____ [FRANCHISEE'S INITIALS]

(d) Franchisee confirms and acknowledges that no representation, warranty, guaranty or promise other than those expressly set forth in this Agreement and in the Franchise Offering Circular Company delivered to Franchisee was made by Company or any other Person to induce Franchisee to sign this Agreement. Franchisee recognizes that neither Company nor any other party can guarantee Franchisee's business success or state the exact costs of opening and operating a Store, and that such success and costs will depend primarily upon Franchisee's own efforts and business ability. Franchisee also recognizes that any new business venture is speculative. _____ [FRANCHISEE'S INITIALS]

(e) Franchisee acknowledges that no document that Section 26(b) requires will be binding on Company unless it is signed on Company's behalf by its President. _____ [FRANCHISEE'S INITIALS]

(f) Franchisee acknowledges that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Company bestows on Franchisee, or by inference from a party's conduct. _____ [FRANCHISEE'S INITIALS]

[Continued, and to be signed, on the next page]

PIZZA PATRÓN, INC.

FRANCHISEE

By: _____

Signature, if an individual

Title: _____

Franchisee's name, printed

Date: _____

Date: _____

(Business Entity franchisees must
complete the following)

By: _____

Title: _____