



Más Pizza. Menos Dinero.™

FRANCHISE OFFERING CIRCULAR

PIZZA PATRÓN, INC.

(a Texas corporation)

10999 Petal Street, Suite 200

Dallas, Texas 75238

(972) 613-8000

www.pizzapatron.com

Dept. of Corporations-
PSS UNIT-San Francisco Office

MAR 30 2007

The franchise relates to the operation of quick service food establishments ("Stores") that sell pizza and non-alcoholic beverages under the Pizza Patrón trade name and business system. The total amount you pay us in fees and for services before your Store opens ranges from \$15,000 to \$20,000. You pay an option fee of \$7,500 when you sign the Development Agreement and we apply the option fee toward the franchise fee when you sign the Franchise Agreement. If you obtain development rights for additional Stores, you must pay a development fee (in addition to the option fee) equal to \$7,500 times the number of additional Stores we allow you to develop. The combined option/development fee and franchise fee for your first Store is \$20,000, for your second Store is \$18,000, and for each additional Store is \$15,000. We estimate that your initial cash investment will range from \$132,300 to \$189,550, exclusive of real estate acquisition costs. See Item 7. You must also pay certain ongoing fees and expenses. See Item 6.

RISK FACTORS

THE FRANCHISE AGREEMENT PERMITS YOU TO SUE AND ARBITRATE WITH US ONLY IN DALLAS, TEXAS. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US OR TO SUE US IN TEXAS THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS IN BUYING AND OWNING A PIZZA PATRÓN FRANCHISE.

Information comparing franchisors is available. Call your state franchise administrator or your public library for sources of information.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and your state franchise administrator or consumer protection agency.

Date of Issuance: See the following FTC Cover Page and State Registrations Page for the Date of Issuance and State Effective Dates.

**FRANCHISE OFFERING CIRCULAR
FOR PROSPECTIVE FRANCHISEES REQUIRED
BY THE FEDERAL TRADE COMMISSION**

PIZZA PATRÓN, INC.
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10999 Petal Street, Suite 200
Dallas, Texas 75238
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To protect you, we've required your franchisor to give you this information. *We haven't checked it, and don't know if it's correct.* It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read all of your contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor, like a lawyer or an accountant. If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

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

FEDERAL TRADE COMMISSION
Washington, D.C.

Date of Issuance: March 27, 2007

PIZZA PATRÓN, INC.

STATE REGISTRATIONS

This Offering Circular is registered, on file or exempt from registration in the following states with franchise registration and disclosure laws:

California

Florida

Illinois

Indiana

Michigan

Minnesota

New York

Wisconsin

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits Pizza Patron, Inc. to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonably opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits Pizza Patron, Inc. to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to Pizza Patron, Inc. and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of Pizza Patron Inc.'s intent not to renew the franchise.
- (e) A provision that permits Pizza Patron, Inc. to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision which permits Pizza Patron, Inc. to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent Pizza Patron, Inc. from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (i) The failure of the proposed transferee to meet Pizza Patron Inc.'s then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of Pizza Patron, Inc.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to Pizza Patron, Inc. or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to Pizza Patron, Inc. items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants Pizza Patron, Inc. a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a *bona fide* third party willing and able to purchase those assets, nor does it prohibit a provision that grants Pizza Patron, Inc. the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

(i) A provision which permits Pizza Patron, Inc. to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Antitrust and Franchise Unit, 670 Law Building, Lansing, Michigan 48913 (517) 373-7117.

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**PIZZA PATRÓN, INC.
FRANCHISE OFFERING CIRCULAR
FOR
PIZZA PATRÓN STORE FRANCHISES**

ITEM 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

Pizza Patrón, Inc., Its Predecessor and Affiliates. Pizza Patrón, Inc. offers the franchises we describe in this Offering Circular. For simplicity, we refer to Pizza Patrón, Inc. as "Pizza Patrón" or by a first person plural pronoun ("we", "us" and "our"). "You" means the individual or business entity (corporation, partnership, etc.) that buys a franchise. Except for sole proprietorships, "you" does not include a business entity's owners.

Pizza Patrón is a Texas corporation with its home office at 10999 Petal Street, Suite 200, Dallas, Texas 75238. Pizza Patrón does business under its corporate name; it does not operate or conduct business under any other name. Our agents for service of process are listed in Exhibit E. We were incorporated in August 2002 and began offering franchises in November 2002. We have never engaged in any business except franchising and providing services to Pizza Patrón franchises.

Antonio Swad created the Pizza Patrón concept and opened the first Pizza Patrón Store in 1986. When he incorporated Pizza Patrón in August 2002, he transferred ownership of the Pizza Patrón service marks and business system to us. He still owns and operates five Pizza Patrón Stores. Mr. Swad may be considered our predecessor. His business address is the same as ours.

Mr. Swad, individually, has never offered franchises in any line of business. Until January 2003, he was the principal owner and chief executive officer of Wingstop Restaurants Inc. ("WRI"), the franchisor of a chain of restaurants that feature chicken wings and operate under the Wingstop® name. Wingstop Restaurants Inc. began offering franchises in May 1997. Mr. Swad sold his interest in WRI in January 2003 and is no longer affiliated with that company. We do not have any affiliates that supply goods or services to you.

Pizza Patrón's Business and Description of the Franchise. We sell and service franchises to operate Pizza Patrón establishments (which we refer to as "Stores"). We do not engage in or franchise any other line or type of business. As of December 31, 2006, there were 59 Stores in operation, 54 operated by franchisees and five by Antonio Swad.

Pizza Patrón establishments (which we refer to as "Stores") offer pizza in two sizes, with a variety of toppings. They also sell soft drinks and other non-alcoholic beverages. Although Stores offer traditional pizza products, they cater primarily to Hispanic customers. All Store service personnel speak Spanish, and Store menus are printed in both Spanish and English. Stores sell their products for customer carry-out and offer catering service for neighborhood celebrations (with prior written approval). They do not offer delivery service. Stores operate under the Pizza Patrón® trade name and use a distinctive logo, which appears in the middle of this Offering Circular's cover page.

A Pizza Patrón franchise entitles you to operate one Store at an approved location. Our Development Agreement governs a Store's development phase. The Development Agreement gives you the right to obtain a franchise for your Store after you complete our site location

procedures and sign a lease for a location we have approved. As soon as you sign the lease, you must also sign a Franchise Agreement for the Store. Your Development Agreement also states the terms on which you may develop more than one Store, if we allow you to become a multi-Store operator.

You must operate your Store under the business system and operating procedures we developed, as described in our Operations Manual. We have developed a proprietary blend of spices for our pizza sauce, which you must purchase from a supplier we designate. You must buy your carry-out pizza boxes from the same supplier. You must purchase cheese from the supplier we designate, and you must use flour and other pizza ingredients that meet our grade and quality specifications. Unless you are an individual who will operate your own Store, you must hire a General Manager who either has roots in the neighborhood where your Store is located or is willing to move into the neighborhood and establish community relations there.

Stores are designed to be located in shopping centers in neighborhoods populated predominantly by Hispanic residents. They typically occupy from 900 to 1,400 square feet of leased retail space. Stores include a small waiting area for carry-out customers. The waiting area features Latino background music and the Store exteriors display distinctive bilingual signage.

Stores market their products predominantly to Hispanic customers in middle class neighborhoods. Mr. Swad's Stores have not experienced sales fluctuations that can be attributed to seasonal factors. This experience may not be typical of seasonal sales variations other Store operators may experience. Restaurants typically encounter lower sales after major consumer spending seasons (Christmas and the start of the school year) and during the winter, especially in colder regions of the nation.

Stores compete generally with all kinds of quick service food establishments, including the major pizza chains. We are aware of only one other pizza concept, based in Downey, California, that caters to the Hispanic community.

Industry Specific Regulation

The restaurant industry is heavily regulated. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and various state and local health departments administer and enforce laws and regulations that govern food preparation, food service and restaurant sanitation. Also, many of the laws, rules and regulations that apply to businesses generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupation, Health and Safety Act, also apply to restaurants. State and local agencies regularly inspect restaurants to ensure that they comply with these laws and regulations.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

We recommend that you check with your state and local agencies to determine which laws apply to the operation of a Store in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

Prior Business Experience of Pizza Patrón and its Predecessor. Antonio Swad opened the first Pizza Patrón Store in 1986 and currently operates five Stores as a sole proprietor. He

incorporated Pizza Patrón in August 2002 to sell and service Pizza Patrón franchises, and has served as our chief executive officer and as sole member of our Board of Directors since that time. We began offering franchises in November 2002.

Mr. Swad has worked in the restaurant industry all his adult life. Prior to 1986, he held unit-level management positions with Ponderosa Steak Houses, McFaddin-Kendrick Corporation (an operator of night clubs), Smuggler's Inn, and Village Inn Restaurant. He opened his first Pizza Patrón store in April 1986, and his first Wingstop restaurant in July 1994. Under Mr. Swad's leadership, WRI began offering franchises in May 1997, and the Wingstop chain had grown to over 90 units when Mr. Swad sold his interest in January 2003.

ITEM 2

BUSINESS EXPERIENCE

Management.

Chief Executive Officer and a director: Antonio Swad

Antonio Swad opened the first Pizza Patrón Store in Dallas, Texas in April 1986 and currently operates five Stores as a sole proprietor. He incorporated Pizza Patrón in August 2002 to sell and service Pizza Patrón franchises, and has served as our Chief Executive Officer and as a member of our Board of Directors since that time. He also developed the Wingstop concept and, from November 1996 until January 2003, was the Chief Executive Officer and sole director of WRI.

Director of Brand Management: Andrew Gamm

Andrew Gamm has worked closely with Antonio Swad in developing the brand strategy for Pizza Patrón. He is responsible for controlling Pizza Patrón's visual brand assets and establishing core brand values with the objective of strengthening brand equity both corporately and publicly. Before joining us in February 2003, Mr. Gamm was Creative Director for LCR Group in Dallas, Texas from April 2002 until March 2003. From April 1999 until April 2002, he was Lead Production Designer for Seven Worldwide in Dallas, Texas. He has held various positions such as Creative Director, Lead Production Designer and Graphic Artist with global brand management companies such as Seven Worldwide and Schawk, Inc. Mr. Gamm has provided complex marketing solutions for companies such as Coca-Cola and has created complete branding solutions for startup restaurant concepts such as Wingstop. His experience allows him to meet the challenges of maintaining consistent brand integration across all media.

Corporate Controller: Charlotte Hargrove

Charlotte Hargrove joined us in February 2003 as Corporate Controller, a position she also held with WRI between August 2001 and February 2003. For over five years prior to joining WRI, she owned and operated Professional Bookkeeping, Inc., a bookkeeping and tax preparation company. Ms. Hargrove was certified as an Enrolled Agent with the Internal Revenue Service in 1996.

Director of Restaurant Operations: Ernesto Hernandez

Ernesto Hernandez has served as our Director of Restaurant Operations January 2004. Mr. Hernandez joined us in November 2003 as Director of New Store Development and held that

position until January 2004. Mr. Hernandez was born in Mexico and attended Brigham Young University. From 1989 through 1995, he worked as a Regional Director of Operations for Domino's Pizza, helping to develop that concept in Mexico and Central America. Between 1996 and 1998, he was employed by Papa John's Pizza International as Project Manager and was instrumental in developing Papa John's stores throughout Mexico, Central America, South America and the Caribbean Islands. He joined Quizno's Subs, Inc., in 1999 as an International Franchise Business Consultant, where he provided business solutions for start-up restaurants in emerging markets until joining us in November 2003.

Director of Business Development: Guillermo Estrada-Mendizábal

Guillermo Estrada-Mendizábal joined us in October 2005 as Director of Business Development. Mr. Estrada oversees many aspects of the company's growth and strategy, including franchise opportunities and new market development. From October 2003 to May 2005, Mr. Estrada was Director of Marketing, Information and Strategic Planning for Seminis Vegetable Seeds, Inc., in Oxnard, California. From May 2000 to October 2003, Mr. Estrada was an International Sales Manager for Tyson Foods, Inc., based in Springdale, Arkansas, overseeing accounts in Latin America. Mr. Estrada was an Account Executive at Marsh & McClennan Companies in Torreon, Coahuila, Mexico from April 1997 to May 2000. Mr. Estrada was born in Mexico and received his bachelor's degree in Business Administration from Iberoamericana University.

Director of Training – Daniel Hernández

Daniel Hernández joined us in February 2006 as Director of Training and is responsible for the certification of every new manager, regional trainer and franchisee that joins the Pizza Patrón family. Mr. Hernández is a part of our traveling team that opens new stores, conducts brand compliance evaluations, provides coaching and hosts events to promote the brand. From November 2003 to December 2005, he served as a District Leader and Trainer with the LDS Social Services in Las Vegas, Nevada. From January 2003 to November 2003, Mr. Hernández was the Assistant to the Area Director of Quizno's Latin America in Cancun, Mexico. From February 2002 to December 2002, Mr. Hernández was a Shift Leader at Captain Cote's Restaurant in Augusta, Maine. Mr. Hernández was raised in Cancun, Mexico, and has worked in many different areas of the QSR industry, both domestically and internationally. Mr. Hernández was involved with the initial development of Domino's Pizza in Mexico, and has helped brands such as Subway and Captain Cote's Restaurants in the state of Maine achieve success in their respective markets.

Franchise Brokers. We do not employ franchise brokers. We do not grant subfranchises, and there are no subfranchisors of the Pizza Patrón concept.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Offering Circular.

ITEM 4

BANKRUPTCY

No person identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in

proceedings under the United States Bankruptcy Code.

ITEM 5

FRANCHISEE'S INITIAL FRANCHISE FEE

The Store franchise program always involves two types of initial fees: option fees and franchise fees. If development rights for multiple stores are granted, the program also involves a third type of initial fee called a development fee.

The Development Agreement provides you an option to purchase a franchise for one Store. The option becomes exercisable when you secure a suitable Store site during the option period (which usually lasts 90 days). You pay an option fee of \$7,500 when you sign the Development Agreement. We apply the option fee toward the franchise fee when you sign the Franchise Agreement. Otherwise, the option fee is non-refundable.

If you are an experienced multi-unit operator of quick service restaurants, we may, at our discretion, allow you to apply to develop more than one Store under your Development Agreement. If you obtain development rights for additional Stores, you must pay a development fee (in addition to the option fee) equal to \$7,500 times the number of additional Stores we allow you to develop. You must pay the development fee in full when you sign the Development Agreement.

The franchise fee for your first Store is \$20,000. If we allow you to develop more than one Store, your franchise fee for your second Store is \$18,000 and for your third and additional Stores is \$15,000 each. You must pay the franchise fee when you sign the Franchise Agreement for a Store. The Franchise Agreement provides for a credit against the franchise fee for your first Store equal to the \$7,500 option fee you paid under your Development Agreement. The Franchise Agreement also provides for a credit against the franchise fee for your second and subsequent Stores equal to the per Store development fee (\$7,500) you paid under your Development Agreement.

If you purchase an existing Store franchise, you do not pay an initial franchise fee. Instead, we receive a \$5,000 transfer fee.

The initial fees described in this Item 5 are uniform in all cases. We do not refund option fees, franchise fees or development fees.

We add the proceeds from all fees described in this Item to our general working capital. We use the funds, to the extent necessary, to pay expenses we incur to provide initial services to our franchisees. Except for the fees described in this Item 5, you are not required to pay us or any person affiliated with us any funds in order to obtain a Store franchise.

ITEM 6

OTHER FEES

Unless otherwise indicated, all fees relate to the Franchise Agreement's requirements. The table does not mention inventory purchase requirements, which we cover in Items 7 and 8.

Name of Fee ¹	Amount	Due Date	Remarks
Royalties	5% of Gross Sales	Payable weekly by automatic debit to your account on Wednesday of each week for Gross Sales during the week ended the preceding Saturday.	Gross Sales includes all revenue from your Store (including the redemption value of gift certificates and stored value cards at the time purchases are made), but excludes sales tax, coupon credits, employee discounts and proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stores value cards belong to us).
Ad Fund	Not to exceed 2% of annual Gross Sales	Payable weekly the same as royalties.	Franchisees may increase the rate by majority vote (we don't vote).
Ad Customization Fee	Reasonable charge	Upon delivery of customized advertising materials.	If we elect to provide you customized copies of our advertising materials that show information about your Store, we may charge you a reasonable customization fee. We have not begun charging this fee.
Local Advertising	The Franchise Agreement stipulates no amount, but we recommend 4% of Gross Sales. We can set a minimum 2% of Gross Sales rate when a local co-operative forms.	Upon billing by service providers.	You must join a local cooperative, if one is formed in your market ² ; you must participate in all system-wide promotions and advertising campaigns.
Insurance ³	As provided in the Operations Manual and the Summary Pages of the Franchise Agreement; we currently require general liability insurance of \$1 million per occurrence, \$2 million aggregate, and a \$2 million umbrella, plus motor vehicle comprehensive and property insurance with combined single limits of bodily injury and property damage of not less than \$1 million per occurrence.	Before your Store opens and within 10 days after each policy renewal date.	You must buy your insurance from a company with a Best's rating of A/Class VIII or better.

Name of Fee ¹	Amount	Due Date	Remarks
Indemnification	Unlimited	Upon demand by us.	You must indemnify us and our affiliates from liability for any claim based on or arising from your operation of your Store or your use of the Pizza Patrón Web site or Intranet.
Audit Fees	Cost of audit, including travel, meal and lodging expenses of auditor.	Upon invoice.	You pay only if you have understated any year's annual Gross Sales by 1% or more.
Interest/ Late Charges	The Franchise Agreement provides for interest on past-due obligations to Pizza Patrón and its affiliates at the lesser of (i) 2% above the commercial prime rate announced in the <i>Wall Street Journal</i> , or (ii) the highest rate permitted by Texas and federal law.	Due upon invoice if you pay obligations more than 5 business days late.	
Transfer Fees	\$5,000	Prior to Effective Date of transfer.	

(1) We refund no fees. Except for local advertising charges and advertising co-op contributions, you pay all fees to us.

(2) We are not a member of any local advertising cooperative. We therefore have no Stores that exercise voting power over any local cooperative's contribution rate or other charges. Further, no provision of the Franchise Agreement or other agreement reserves disproportionate voting power to any Stores we operate.

(3) Neither we nor any of our affiliates sells insurance.

ITEM 7

INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A STORE

	ACTUAL OR ESTIMATED HIGH ⁽¹⁾	ACTUAL OR ESTIMATED LOW ⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	PAYABLE TO WHOM
Initial Fees ⁽²⁾ :					
Option/ Development Fee ⁽³⁾	[\$ 7,500]	[\$ 7,500]	Each in Lump Sum	Opt/Dev Fee: Signing of Development Agreement; Franchise Fee: Signing of Franchise Agreement	Pizza Patrón, Inc. (non-refundable)
Franchise Fee ⁽⁴⁾	\$20,000	\$15,000			
Security Deposits ⁽⁵⁾	\$3,000	\$1,500	Lump Sum	Per Lease/ Utility Co. Requirements	Landlord/ Utilities
Architectural/ Engineering Fees ⁽⁶⁾	\$3,500	\$2,500	Per Architecture Contract	Per Architecture Contract	Architect
Leasehold Improvements ⁽⁷⁾	\$72,000	\$38,000	Negotiable	Contract Terms	General Contractor
Furniture, Fixtures, Equipment and Smallwares ⁽⁸⁾	\$58,000	\$58,000	Vendor's Terms	Vendor's Terms	Approved Independent Suppliers
Signs	\$8,650	\$4,400	Vendor's Terms	Vendor's Terms	Approved Sign Maker
Operating Permits	\$500	\$200	Lump sum	Upon Receipt	Government Authority
Opening Inventory	\$2,100	\$1,500	Vendor's Terms	Vendor's Terms	Approved Independent Suppliers
Opening Publicity and Promotions	\$1,800	\$1,200	Per Contract	As Incurred	Independent Vendors
Additional Funds ⁽⁹⁾	\$20,000	\$10,000	Cash	As Needed	Various
TOTALS	\$189,550	\$132,300			

ENDNOTES FOR INVESTMENT SUMMARY

(1) The initial fees represent actual amounts; we have estimated all other amounts, based on our recent experience. For purposes of estimating costs related to real estate (rent, security deposits, leasehold improvements, etc.) we assumed that you will lease space for your Store in a shopping center. Your investment could be substantially higher if you decide to buy property for your Store or to lease space in an enclosed mall or similar high-rent facility.

(2) You pay an option fee of \$7,500 in relation to your first Store; development fees of \$7,500 per Store in relation to additional Stores that you commit to develop under your Development Agreement. We credit your option and development fees against your franchise fee when you sign your Franchise Agreement, so we have shown the option/development fee amounts in brackets.

(3) The only initial investment fee under the Development Agreement is the development fee.

(4) The \$7,500 option or development fee credit is not reflected in this figure. See note (2) above and Item 5.

(5) Landlords typically charge a security deposit equal to one month's rent. Utility companies typically charge security deposits that vary by locale and in relation to the customer's credit history.

(6) We have negotiated a fee arrangement with an architect who is familiar with our plans and specifications. Under this arrangement, the architect charges \$3,500 for a set of plans that includes mechanical/electrical drawings (which some municipalities require to obtain a building permit), and \$2,500 without mechanical/electrical drawings. In both cases the architect's services include construction management. If you choose to hire another architect or engineering service, your costs for these services could be as much as \$5,000 to \$8,000 higher.

(7) The cost of leasehold improvements can vary significantly, depending on such factors as (i) whether pre-construction demolition of existing walls and partitions is required, (ii) whether the space was previously used as a restaurant and already contains facilities required by code, such as a grease trap, ventilation system and fire extinguisher system, (iv) whether, and to what extent, your landlord will provide a finish-out allowance, and (iv) regional differences in materials and labor costs. The high and low amounts reflect the net cost after any landlord finish-out allowance is applied.

(8) The high and low amounts represent the price to buy (not lease) new equipment.

(9) Assumes you will require the indicated amounts for rent, utilities, wages, inventory purchases, employee training, insurance premiums, debt service, legal and accounting expenses and other expenses during the initial phase of your Store's operation, which we estimate to be three months. Includes salary, travel, lodging, meal and incidental expenses for one trainee to attend our required training program, and the pre-opening wages of hourly employees.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Franchise Agreement requires that you use our proprietary spice blend in your pizza sauce and that you purchase bags of pre-blended spices only from us or a source we designate. You are

required to purchase all cheese through Leprino Foods with whom we have negotiated special price terms for our franchisees. The Franchise Agreement also requires that you purchase logo-imprinted, carry-out pizza boxes from a source we designate or approve. We currently distribute our spice bags and pizza boxes from Roma Corporation ("Roma"), a broad-line grocery supplier from which you can also purchase all of your non-perishable food and paper supplies.

Except for our proprietary spice bags, logo-imprinted pizza boxes and cheese, we do not require that you purchase any goods or services from us or any other source we designate. We do not receive any license fees, rebates or other revenues from the sale of proprietary spice bags, pizza boxes or cheese to franchisees.

We insist that you use ingredients and supplies that satisfy our grade and quality standards. With the exception of our proprietary spice bags, logo-imprinted pizza boxes and cheese, we do not care where you buy your ingredients and supplies or the brands you use, so long as you comply with our grade and quality standards. As part of our initial services, we will introduce you to Roma and will help you find a local distributor of perishable ingredients that satisfy our standards. Our arrangement with Roma permits Store operators to buy commodities and supplies at discounted prices.

We maintain lists of the manufacturers or brand names of the fixtures and equipment that we specify or recommend you buy for your Store. We also maintain a list of the distributors and suppliers from whom we recommend that you buy these items and have established an arrangement under which Superior Products stocks and supplies our specified equipment and smallwares package on a turnkey basis. We require that you use a Lincoln brand pizza oven, but do not require that you buy or use other particular brands of fixtures or equipment. Except for the pizza oven, we only require that the items you select are capable of performing their intended functions in a reliable way.

You may purchase computer hardware and software from any supplier that meets the basic requirements described in Item 11.

We do not receive any rebates, commissions, revenues or other consideration from any supplier who furnishes goods or services to you or other franchisees.

We estimate that required purchases will equal approximately 2.5% to 3% of the total cost to establish your Store. We also estimate that purchases we currently require will equal approximately 13% of your ongoing operating expenses.

Supplier Approval. We do not currently designate the source from which you must purchase any ingredients, supplies, equipment or other goods, except our proprietary spice bags, logo-imprinted pizza boxes and cheese. Instead, we establish grade and quality standards and performance specifications for the goods you must purchase, and we sometimes specify ingredients by brand name. As a convenience to our franchisees, we have compiled a list of distributors and suppliers who carry fixtures and equipment that meets our specifications, and we provide you this list as part our initial services package. We also help you locate suppliers of ingredients and supplies that meet our standards and specifications. We are currently fulfilling this obligation through our arrangements with Roma and Superior Products. Except for our proprietary spice bags, logo-imprinted pizza boxes and cheese, we do not care where you buy your ingredients, supplies, fixtures or equipment, so long as you purchase products that satisfy our grade and quality standards or our brand specifications. If you wish to purchase products and equipment from someone other than a supplier we know and trust, you must tell us the source you propose to

use and allow us to verify that the supplier can satisfy our standards and specifications. We will react to your request within a reasonable time, normally 30 days.

Our standards and specifications lists are part of our Operations Manual. When we change our standards and specifications, which we may do at our discretion, we will advise you of the changes by sending you revisions and supplements to the Operations Manual. Our specifications for our proprietary spice blend is a trade secret that we disclose only under a confidentiality agreement and only to the independent laboratory that blends the spices for us.

As the Pizza Patrón chain grows we will continue to negotiate regional or national contracts for tomato sauce and other commodities, and may begin using a designated or approved supplier approach (which the Franchise Agreement authorizes us to do). We have not adopted formal procedures for issuing and modifying supplier approval standards, but we expect to approve suppliers on the basis of their ability to meet our specifications and quality control requirements, and their ability to supply products to franchisees at competitive prices. If we do adopt formal supplier approval standards they will become a part of our Operations Manual. We will advise you of the changes by sending you supplements to the Operations Manual. At this time, we have no plans to offer you any material benefits when you buy from a designated supplier or approved source.

The Franchise Agreement requires that you purchase various kinds of liability and workers' compensation insurance. We do not specify the companies from which you may purchase your insurance. We only require that your insurance carrier have an A.M. Best's rating of A/VIII or better.

We have no purchasing or distribution cooperatives serving our franchise system. Except for the arrangements with Roma, Superior Products and Leprino Foods, we have not negotiated purchase arrangements with suppliers for the benefit of our franchisees as a group.

ITEM 9

FRANCHISEE'S OBLIGATIONS

The following table lists your principal obligations under the Area Development Agreement and the Franchise Agreement. The table will help you find more detailed information about your obligations in these agreements and in other items of this Offering Circular. As used in the table's column headings, "DA" means Development Agreement and "FA" means Franchise Agreement.

Obligation	§ in DA or FA	Item in Offering Circular
Site selection & acquisition/lease	DA: §§ 3(b), 6(b) and 6(c)	Item 11
Pre-opening purchases/leases	FA: §6(a)	Items 5, 7 and 8
Site development & other pre-opening requirements	DA: §6; FA: §7(b) and (c)	Items 5, 7 and 11
Initial & ongoing training	FA: §§6(a)(4) and (5), 7(c)(4), 7(c)(8)	Item 11
Opening	DA: §6; FA: §7(c)(6)	Item 11

Obligation	§ in DA or FA	Item in Offering Circular
Fees	DA: §8; FA: Summary Pages, §§3, 8(a), 8(b), 8(c), 9, 10, 13(b)(11)	Items 5, 6 and 11
Compliance with standards and policies/ Operating Manual	FA: §§5, 7 and 9(b)	Item 11
Trademarks and proprietary information ^{1, 2}	FA: §§7(c)(13), 7(c)(14), 7(c)(28) and 12	Items 13 and 14
Restrictions on products/ services offered	FA: §§2(c), 7(c)(12), 12(a)(3)	Items 8 and 16
Warranty & customer service requirements	None	None
Territorial development and sales quotas	DA: §§5, 6, 9; FA: §§4	Item 12
Ongoing product/ service purchases	FA: §7(c)(7)	Items 6 and 8
Maintenance, appearance and remodeling requirements	FA: §§7(b)(2), 7(b)(16), 7(b)(17) and 11(b)	Item 17
Insurance	FA: §7(c)(26)	Item 6
Advertising	FA: §§7(c)(13), 7(c)(14) and 8	Items 6 and 11
Indemnification ²	FA: §7(c)(27)	Item 6
Owner's participation/ management/staffing	FA: §7(c)(10); Glossary of Terms - General Manager	Item 15
Records and reports	FA: §§7(c)(21)-(23), 7(c)(25) and 8(b)(3)	Items 6 and 17
Inspections and audits ²	FA: §§7(c)(18) and 7(c)(24)	Items 6 and 11
Transfer ²	DA: §12; FA: §13	Item 17
Renewal	DA: §10; FA: §§11(b) – 11(f)	Item 17
Post-termination obligations ²	FA: §§11(f), 12(a)(10), 12(b)(2), 17	Item 17
Non-competition covenants ²	FA: §19	Item 17
Dispute resolution ²	DA: §15; FA: §24	Item 17

(1) You must ask each supervisor and Store manager to sign a confidentiality agreement in a form acceptable to us and enforceable in your state, obligating those who sign to honor the confidentiality restrictions.

(2) If you are a business entity, the Guaranty and Acknowledgment attached to the Franchise Agreement imposes these obligations on your general partners (if you are a partnership) or on people who own 15% or more of your voting equity (if you are a corporation or limited liability company).

ITEM 10

FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease or other obligation.

ITEM 11

FRANCHISOR'S OBLIGATIONS

Except as listed in this Item 11, we need not provide you any assistance.

Site Selection. During the Development Agreement's option period:

(1) We provide you a list of points to look for and consider in choosing a site for your Store. [§3(a) of the Development Agreement] We do not own any real estate on which Stores are located and do not lease Store sites to franchisees.

(2) We provide you information about a typical Store's lay-out, utility requirements and signs, and a Lease Rider that contains provisions we require in every Store lease. [§§3(a) and 3(b)(i) of the Development Agreement]

(3) We will evaluate and critique the lease proposals you submit for our consideration and may, at our option, visit your development area to inspect the sites you propose [§3(b)(i) of the Development Agreement]. Whether or not we physically visit a proposed site, you may not proceed with negotiations to lease the site before we give you verbal authorization to do so.

(4) We review the final draft of your Store lease to determine whether it contains particularly burdensome or restrictive terms, and advise you about the consequences of any objectionable provisions. When you have successfully negotiated an acceptable Store lease, we evidence our satisfaction with the site by signing a Franchise Agreement for your Store. [§3(b) of the Development Agreement]

Pre-Opening Assistance. Between the time you sign a Franchise Agreement and the time your Store opens:

(1) We will furnish you a list that describes or shows the specifications for the fixtures and equipment that you must install in your Store. We will also provide your architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Store. [§6(a)(1) of the Franchise Agreement]

(2) At your request (and for a separate fee), we will provide you a set of construction documents for the Store's build-out and will assist you in locating an experienced general contractor. If you elect not to use this service, we will furnish you a list that generally describes the mechanical, electrical and plumbing specifications for a Store. [§6(a)(2) of the Franchise Agreement] We are

currently fulfilling this obligation by pre-arranging the fee charged by an architect who is familiar with our plans and specifications. See Item 7.

(3) We will furnish you lists of the inventory, supplies, paper goods and smallwares you will need to stock and operate your Store, together with the names of any suppliers we have designated or approved, including us and our affiliates. These lists include the quality and grade specifications that we have adopted for cheese, flour, tomato sauce and other ingredients and supplies you will need. [§6(a)(3) of the Franchise Agreement]

(4) We will provide you a list of the qualifications a General Manager should possess. [§6(a)(4) of the Franchise Agreement]

(5) We will provide a training program at one of Mr. Swad's Stores in Dallas, Texas. If your Franchise Agreement relates to your first Store, we will provide training without tuition charge for you and your General Manager (or for you and one other individual if you will act as the General Manager). If your Franchise Agreement relates to your second or subsequent Store, we will provide training without tuition charge for the Store's General Manager. Subject to availability of pupil space and to payment of a reasonable tuition charge, you may re-enroll or enroll others in the training program from time to time for initial or refresher training. In all cases, you must pay the travel, lodging and incidental expenses that you, the General Manager and your other trainees incur to attend the training program. We reserve the right to charge a reasonable training fee. [§6(a)(5) of the Franchise Agreement]

The following table describes our training program. The times indicated in the Hours of Training column are estimates; we plan to spend as much or little time on a particular topic as our students need to master the topic. Daniel Hernández supervises the training program. See Item 2 for information about his background and qualifications.

SUBJECT	INSTRUCTION MATERIALS	HOURS OF TRAINING	CLASSROOM / IN-STORE TRAINING	INSTRUCTORS
Company Orientation/History	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Safety and Security Workshop	N/A	1 Hr.	Classroom/ In-Store	Daniel Hernández
Dough Management Workshop	Operations Manual	2 Hrs.	Classroom	Daniel Hernández
Product Handling, Preparation & Shelf Life	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Make Line	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Oven/Cut Table	Operations Manual	1 Hr.	Classroom/ In-Store	Daniel Hernández
Point of Sale System & Cash Management	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Customer Service	Operations Manual	2 Hrs.	Classroom	Daniel Hernández
Setting & Accomplishing Goals	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Team Member Recruiting, Selection and Retention	Operations Manual	2 Hrs.	Classroom	Daniel Hernández

SUBJECT	INSTRUCTION MATERIALS	HOURS OF TRAINING	CLASSROOM / IN-STORE TRAINING	INSTRUCTORS
Time Management	Operations Manual	2 Hrs.	Classroom/ In-Store	Daniel Hernández
Team Member Training - 5-Step Training Process	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Team Member Performance Management	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Team Member Staffing, Scheduling and Deployment	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Administrative Reports	Report Forms	1 Hr.	Classroom	Daniel Hernández
Inventory Management - Setting and Adjusting Par Levels - Food Cost	Operations Manual	2 Hrs.	Classroom/ In-Store	Angel Soto
Inventory Orders	Operations Manual	1 Hr.	Classroom	Angel Soto
Daily Ops & The Brand Compliance Evaluation	Operations Manual	1 Hr.	Classroom/ In-Store	Daniel Hernández
Local Area Marketing	Operations Manual	2 Hrs.	Classroom	Ernesto Hernández
Pizza Patrón - The Brand	Various	2 Hrs.	Classroom	Andrew Gamm
Grand Opening Workshop	N/A	1 Hr.	Classroom	Daniel Hernández
Crisis Management	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Workplace Harassment	Operations Manual	1 Hr.	Classroom	Daniel Hernández
Restaurant & Equipment Maintenance	Operations Manual	1 Hr.	Classroom	Daniel Hernández
In-Store Experience	Action Assignments, Operations Checklist, BCE, Report Forms, etc.	156 Hrs.	In-Store	Daniel Hernández
Final Exam (Written and Practical)	N/A	3 Hrs.	Classroom/ In-Store	Daniel Hernández
Total In-Store Hours		156 Hrs.		
Total Classroom Hours		31 Hrs.		
Total Training Hours		187 Hrs.		

We may require that all Store employees successfully complete initial and periodic training that we prescribe. To facilitate this training, we may establish and implement a "train the trainer" program pursuant to which your General Manager or other employees may become certified to administer training to Store level employees. We also may offer periodically additional training programs and classes, attendance at which may be optional or mandatory, at our election, for you, your General Manager and/or other of your employees. We may impose a reasonable fee for any training that we administer.

(6) When you arrive for training, we will loan you a copy of the Operations Manual. [§6(a)(3) of the Franchise Agreement]. The Table of Contents to the Operations Manual appears as Exhibit F to this Offering Circular.

(7) We will help you establish an account with the distribution company from which you must purchase our propriety pizza sauce spices, logo-imprinted pizza boxes and other inventory items. [§6(a)(7) of the Franchise Agreement]

(8) We will help you find a local supplier of perishable ingredients, paper goods and supplies that meet our specifications. [§6(a)(8) of the Franchise Agreement]

If you purchase an existing Store franchise, we will not provide the services described in paragraphs (1), (2) and (8) of the preceding section, because those services relate to the opening of a new Store.

Operational Assistance. We provide you the following assistance after your Store opens.

(1) If your Franchise Agreement covers your first Store, we will send an operations specialist to your Store for at least four days during the period the Store first opens for business to verify that you are operating the Store in accordance with the Operations Manual. If your Franchise Agreement covers your second or a later Store, we may send an operations specialist to your Store for the amount of time that we consider adequate. [§6(b)(1) of the Franchise Agreement]

(2) We will advise and assist you in planning publicity and promotions for your Store's opening and in identifying community involvement opportunities for your General Manager. [§6(b)(2) of the Franchise Agreement]

(3) We will make our staff accessible to your General Manager for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication. We will occasionally visit your Store to conduct quality/service/cleanliness reviews and to consult with your General Manager regarding standards compliance, but we will not provide routine field supervision. [§6(b)(3) of the Franchise Agreement]

(4) We will arrange for the production and distribution of our proprietary spice blend in quantities sufficient to satisfy your Store's reasonable needs. [§6(b)(4) of the Franchise Agreement]

(5) We will loan you additions and supplements to the Operations Manual as they become available, and will disclose to you additional trade secrets, if any, we develop that relate to the operation of Stores. [§6(b)(5) of the Franchise Agreement]

(6) So long as you comply with your financial, operational and reporting obligations under your Franchise Agreement, we will invite you to attend (at your expense) all conventions, seminars and other franchisee-oriented functions that we plan and sponsor. [§6(b)(6) of the Franchise Agreement]

(7) We will let you purchase equipment and inventory from or through any distribution network we establish. [§6(b)(7) of the Franchise Agreement]

(8) We will use your contributions to our Ad Fund (see **Advertising Assistance** below) only to create marketing and promotional materials, to run advertising campaigns in markets we select, to pay for public relations projects, and to help defray part of our marketing overhead expenses and part of our costs to set up and maintain an Internet Website. [§8(a)(2) of the Franchise Agreement]

(9) We will either furnish you one "slick", master or other "ready for reproduction" sample of all newspaper inserts, direct mail flyers, point-of-purchase promotional materials, television and radio commercials, menu formats, and other marketing and product identification materials we create with contributions to our Ad Fund, or we will provide you copies of these materials that have been customized with information about your Store. [§8(a)(3) of the Franchise Agreement]

(10) We will include a "Store locator" page on our Internet Website that includes information about your Store. [§9(a)(2) of the Franchise Agreement]

Advertising Assistance. The Franchise Agreement contemplates four levels of advertising: system-wide advertising, which we coordinate through our Ad Fund; local advertising, which you handle with materials we create or approve; cooperative advertising with other Store operators in your market; and Internet advertising. You may not use your own advertising materials without prior permission from us.

Ad Fund. We have established an Ad Fund to which all Stores, including those Mr. Swad operates, must contribute. See Items 6 and 9. With one exception, the maximum contribution rate will be 2% of Gross Sales. By majority vote franchisees can raise the contribution ceiling above 2% of Gross Sales; we cannot unilaterally increase the ceiling nor can we vote on a proposal to increase it.

The Franchise Agreement permits us to spend Ad Fund contributions only to create marketing materials, to place media in various markets at our discretion, to pursue public relations projects that enhance the Pizza Patrón system's image, and to help defray our marketing overhead expenses, including part of the cost of maintaining our Website. [§8(a)(2) of the Franchise Agreement]. We do not guarantee that each Store will receive equal benefits or identical coverage from expenditures of Ad Fund contributions. We may or may not spend all the Ad Fund contributions in the fiscal year we collect them.

We began collecting Ad Fund contributions in April 2003. During 2006, we collected a total of \$450,504.36 in Ad Fund contributions (including \$52,589.94 carried forward from fiscal year 2005) and spent \$333,712.12, leaving a balance of \$116,792.24 for 2007 use. For our fiscal year 2006, our Ad Fund expenditures were as follows:

Production	10.6%
Media Placement	66.9%
Administrative	0.00%
Other	22.5%
Total	100.0%

(Other includes sponsorships, booths, promotional t-shirts and caps.)

Currently, we plan to continue the marketing approach that Mr. Swad has employed to advertise and promote his stores. (See **Local Advertising**, below.) Consequently, we expect to use Ad Fund contributions primarily to develop direct mail pieces that emphasize local themes and commercials for local late night Hispanic television.

We are not required to account to franchisees for the way we spend Ad Fund contributions. However, we plan to provide quarterly Ad Fund receipts and disbursements reports and allow franchisees to examine our Ad Fund records on request.

We do not use any of the Ad Fund contributions to promote franchise sales.

The Franchise Agreement contains no provisions regarding an advertising council or committee on which franchisees serve, and we currently have no plans to establish one. If we do, we will reserve the right to disband it or change the scope of its functions at any time.

Local Advertising. Mr. Swad has advertised his Stores primarily through local direct mail and local late night Hispanic television, and we expect that you will follow the same pattern. We recommend that you spend at least 4% of your Gross Sales on local advertising and promotions, but we do not specify an amount you must spend.

We currently create our advertising materials in-house and have them produced by a local printer. See paragraphs (7) and (8) above under **Operational Assistance**. We may elect to use an outside advertising agency, and you may use your own advertising agency, subject to our right to approve all uses of our trademarks on materials we do not provide you. You must submit your request for approval in writing. [§8(b)(2) of the Franchise Agreement]. We plan to respond within 14 days after we receive a request for approval. So far, most of our franchisees have routinely used the advertising materials we created.

Advertising Cooperatives. When you and at least one other Store operator (including us) have opened Stores in the same Designated Market Area (or "DMA", an advertising term that is defined in the Franchise Agreement Glossary), we may require that you and the other operator(s) form a cooperative advertising association. Each cooperative's members will set their own contribution rate, but we have the right to disapprove a rate lower than 1% of Gross Sales. The members of the advertising cooperative will administer the cooperative; we will step in only to resolve disputes the members cannot settle in 45 days. [§8(c)(2) of the Franchise Agreement] No advertising cooperatives have been created to date.

Internet Advertising. We advertise Pizza Patrón products, services and Stores through a Website that we maintain at www.pizzapatron.com. We have set up "site locator" pages on the Website that show the addresses and telephone numbers of Stores in the Pizza Patrón network. We will include information about your Store in the site locator. You may not use the Pizza Patrón name or trademarks on the Internet in any other way. We can assess you up to \$50 per month to pay for the Website's maintenance and improvement, and we may use part of the contributions to our Ad Fund to maintain and upgrade those parts of our Website that do not advertise the availability of Pizza Patrón franchises. [§9 of the Franchise Agreement]

Pizza Patrón Intranet. We may establish and maintain an intranet facility through which members of the Pizza Patrón network of Stores may communicate with each other and through which we may disseminate updates to the Operations Manual and other confidential information. We will have no obligation to maintain the Pizza Patrón Intranet indefinitely. We will establish policies and procedures for the Pizza Patrón Intranet's use. These policies, procedures and other terms of use will address issues such as (a) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (b) restrictions on communications that endorse or encourage breach of any franchisee's franchise agreement; (c) confidential treatment of materials that we transmit via the Intranet; (d) password protocols and other security precautions; (e) grounds and procedures for our suspending or revoking a franchisee's access to the Pizza Patrón Intranet; and (f) a privacy policy governing our access to and use of electronic communications that franchisees post on the Pizza Patrón Intranet. The Pizza Patrón Intranet facility and all communications that are posted to it will become our property. You must purchase and install all necessary additions to your Store's information system and establish and continually maintain electronic connection with the Pizza Patrón Intranet that allows us to send messages to and receive messages from you. Your obligation to maintain connection with the Pizza Patrón Intranet will continue until your Franchise Agreement's expiration or termination (or, if earlier, until we dismantle the facility). You must contribute to the cost of the Pizza Patrón Intranet's maintenance and further development in accordance with the same terms and conditions as established under the Website provisions above. [§9 of the Franchise Agreement]

Computer Hardware and Software. The Franchise Agreement obligates you to install an electronic information system that is equipped and configured to our specifications [§7(c)(21) of the Franchise Agreement]. The system includes an electronic cash register, a modem-equipped PC that has Internet access capability, and other peripheral hardware and software that has not yet been determined, but that may be designed at a later time as technological changes occur.

Software

- We do not specify the accounting, inventory control or other software you must use. However, the system you purchase must allow you to record and store financial information in the way we specify and must enable us to communicate directly with your computer.

Hardware

At present, we require that you purchase a:

- R-Stream point-of-sale cash register. You must have high-speed internet access and the cash register must be plugged into a battery backup. We poll our franchisees' cash registers regularly, and you must allow us to maintain continual access to your cash register via phone line and modem; and
- A personal computer that is equipped with a modem capable of transmitting and receiving data at the rate of 28.8 Kbps or faster. We do not specify the brand or precise capabilities of the computer you must buy, but suggest that your computer have a hard drive with at least one gigabyte storage capacity, be equipped with a Pentium microprocessor and run on the Microsoft operating system.

We reserve the right and discretion to modify the equipment standards to require the use of new or different electronic data processing and communications equipment and facilities, and you must update or upgrade your computer and other electronic equipment at our request. [§5(a) of the