



pizza, pasta, perfect

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SAN FRANCISCO
FRANCHISE OFFERING CIRCULAR

'06 APR 10 A8:55

ROTELLI PIZZA AND PASTA, INC.

4611 Johnson Road

Suite 1

Coconut Creek, FL 33073

954-601-0500

Phone: 1-877-ROTELLI

(1-877-768-3554)

The franchise is for the operation of a **ROTELLI PIZZA & PASTA** restaurant, which offers, delivers and serves pizza, pasta, sandwiches, salads, desserts, beverages and related products.

The initial franchise fee is \$25,000.00 due at the execution of your Franchise Agreement and \$10,000 Grand Opening Marketing contribution also due at the execution of the Franchise Agreement. The estimated initial investment required, including the initial unit franchise fee and Grand Opening Marketing contribution, but excluding real estate, ranges from \$300,000 to \$674,000.

RISK FACTORS:

- 1. THE FRANCHISE AGREEMENT REQUIRES ARBITRATION AND LITIGATION IN FLORIDA. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE AND LITIGATE WITH US IN FLORIDA THAN IN YOUR HOME STATE. STATE FRANCHISE REGISTRATION AND RELATIONSHIP LAWS MAY AFFECT THE ENFORCEABILITY OF CHOICE OF VENUE PROVISIONS (SEE UNIFORM UFOC ADDENDUM, STATE UFOC ADDENDUMS AND STATE AMENDMENTS TO THE FRANCHISE AGREEMENTS IN EXHIBIT G).**
- 2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. STATE FRANCHISE REGISTRATION AND RELATIONSHIP LAWS OFTEN PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED TO THE EXTENT THAT THE CHOICE OF A DIFFERENT STATE'S LAW WOULD DENY A FRANCHISEE THE PROTECTIONS IT WOULD BE ENTITLED TO UNDER LOCAL LAW. YOU SHOULD INVESTIGATE WHETHER YOUR PURCHASE OF THE FRANCHISE FALLS UNDER THE JURISDICTION OF A STATE FRANCHISE REGISTRATION OR RELATIONSHIP LAW (SEE UNIFORM UFOC ADDENDUM, STATE UFOC ADDENDUMS AND STATE AMENDMENTS TO THE FRANCHISE AGREEMENT IN EXHIBIT G).**
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Information about comparisons of Franchisors is available. Call the state administrators listed in Exhibit "B" 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 the Offering Circular is untrue, contact the Federal Trade Commission and the state authority, if any, listed in Exhibit "C."

Effective Date: March 31, 2006

ROTELLI PIZZA AND PASTA, INC.

A Florida Corporation
4611 Johnson Road Suite 1
Coconut Creek, FL 33073
Phone: 1-877-ROTELLI
(1-877-768-3554)

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DEPT OF CORPORATIONS
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**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION**

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TO PROTECT YOU, WE HAVE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVE NOT CHECKED IT AND DO NOT KNOW IF IT IS CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ YOUR ENTIRE 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 MAY BE 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. 20580

CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, AND WASHINGTON REQUIRE FRANCHISORS TO MAKE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR. THESE ADDITIONAL DISCLOSURES ARE FURNISHED TO YOU IN EXHIBIT G.

IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL TRADE COMMISSION, THIS OFFERING CIRCULAR WAS ISSUED ON MARCH 31, 2005. IF THIS OFFERING CIRCULAR IS REGISTERED IN A STATE LISTED ABOVE, THE EFFECTIVE DATE OF THIS OFFERING CIRCULAR WILL BE DISCLOSED IN EXHIBIT G.

Effective Date: MARCH 31, 2006~~5~~.

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EXHIBITS

- A Franchise Agreement with Exhibits
- B Franchise Disclosure Questionnaire
- C Federal and State Agencies and Agents for Service of Process
- D Audited Financial Statements
- E Franchise Outlets and Area Developers
- F Pre-Authorized ACH Form
- G State Addenda

RECEIPT

ITEM 1

THE FRANCHISOR, ITS PREDECESSORS, AND AFFILIATES

To simplify the language in this Offering Circular, “we,” “us,” or “our” means **ROTELLI PIZZA AND PASTA, INC.**, the Franchisor. “You” means the individual or Corporation who buys the franchise. We typically enter into franchise agreements with individuals. You may, with our consent, assign your rights under the Franchise Agreement to a corporation, but you will remain personally responsible for all obligations imposed on you under the Franchise Agreement (see Item 15).

The Franchisor, Its Predecessors, and Its Affiliates. We are a Florida corporation, incorporated on March 20, 1999 under the name **PERFETTO PIZZA & PASTA, INC.** The name of the corporation was changed and amended, in the State of Florida on August 4, 1999, to **ROTELLI PIZZA & PASTA, INC.** We do business under the name “**ROTELLI PIZZA AND PASTA.**” We do not do business under any other name. Our Address is 4611 Johnson Road, Suite 1, Coconut Creek, FL 33073. Our registered agent(s) for service of process is disclosed in Exhibit “C.”

We are affiliated with the following companies s:

RHINO HOLDINGS, INC. is a management company incorporated in September, 1997. It had not done business since December 31, 2004. Rhino Holdings, Inc. is 100% owned and operated by Joseph J. Bilotti, Jr. the CEO and President of ROTELLI. It operates out of the same place of business as ROTELLI and it does not now, nor has it ever, offered franchises for sale.

BLUE STREAK HOLDINGS, INC. is a management company replacing RHINO HOLDINGS incorporated in DECEMBER, 2004 100% owned and operated by Joseph J. Bilotti, Jr. the CEO and President of ROTELLI. It operates out of the same place of business as ROTELLI and it does not now, nor has it ever offered franchise’s for sale.

FIRST JET HOLDINGS, INC. is a financing entity incorporated in November, 2004. It is 100% owned and operated by Joseph J. Bilotti, Jr. the CEO and President of ROTELLI. It operates out of the same place of business as ROTELLI and it does not now, nor has it ever offered franchise’s for sale.

The **ROTELLI** Franchise:

We authorize qualified individuals to operate restaurants under the name and service mark “**ROTELLI PIZZA & PASTA**” (the “System”); at a specific location utilizing our business systems and proprietary rights (the “Franchised Business”). You, as an independent businessperson, **assume all of the risks** of the business venture. You must rely on your own business judgment in deciding whether or not to purchase a **ROTELLI** franchise. A **ROTELLI** restaurant features the sale of pizza, pasta, sandwiches, salads, desserts, beverages, and related products. The System includes: the name “**ROTELLI PIZZA AND PASTA;**” readily recognized color schemes; designs and layouts for the restaurant; specialized paper products, menus, signs, logos, trade names, trademarks and service marks identifying the restaurant (the “Proprietary Marks”); proprietary pizza, pasta, sandwiches, salads, desserts, beverages and related products; confidential recipes; and methods for preparing, serving and merchandising the food products, and for operating the restaurant.

Each **ROTELLI** restaurant has the distinctive appearance, menu, and method of operation identified with the System. **ROTELLI** restaurants will be primarily located in strip shopping centers and highly concentrated

business and residential demographic areas. Guests are served their food by a waitperson. A typical **ROTELLI** restaurant can be operated within a space containing approximately 1500-3500 square feet (although in some test situations we have and do allowed units that are larger). Each **ROTELLI** restaurant will be designed in accordance with plans developed by us. Each restaurant will be constructed in similar design to the extent permitted by local law.

You are not restricted in any way regarding the retail guest to whom you may sell food products and other items.

Competition

The market for restaurant food service is well established. The restaurant food service business is highly competitive in the areas of price, service, restaurant location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population, and travel patterns. There is also active competition for management personnel, as well as for attractive space suitable for **ROTELLI** restaurants. We compete within each market with locally owned restaurants, as well as national and regional restaurant chains, many of which operate more restaurants and have greater financial resources and a longer operating history than we have. The specific make-up of our guest will vary from location to location.

Regulation

There are no laws and regulations specific to **ROTELLI** restaurants, although you will be required to comply with those laws and regulations that apply to businesses generally and to the food service industry, including: zoning; occupational licenses; health; sanitation; food handling and storage; environmental; and alcoholic beverage laws.

Item 2

BUSINESS EXPERIENCE

The following is a list of the directors, principal officers, and executives who have management responsibility in connection with our franchises offered by this Offering Circular. See exhibit "E" for a list of our independent contractors ("Area Developers").

Joseph J. Bilotti, Jr. – President and Chief Executive Officer

Mr. Bilotti has twenty plus years of experience in the food service industry. From May, 1999 to December 31, 2001 he served as a Director and Vice President of Store Development for **ROTELLI PIZZA AND PASTA, INC.** He was appointed to his current position as President and Chief Executive Officer by the Board of Directors on January 1, 2002. Mr. Bilotti is President of Blue Streak Holdings, Inc., a management company, First Jet Holdings, Inc. a financing company, and previously served as President of Rhino Holdings, Inc., a management company and Bilotti's Italian restaurant chain consisting of 8 restaurants (all Bilotti Restaurants were converted and franchised as Rotelli Pizza and Pasta restaurants in October 2002 see Exhibit E). Mr. Bilotti is a former commercial airline pilot and a graduate of Embry Riddle Aeronautical University. He holds a bachelor's degree in Aeronautical Science.

Jeffery R. Smith-Chief Operating Officer/Chief Financial Officer

Mr. Smith has over 25 years of experience in senior and middle management positions in the restaurant industry. He joined **ROTELLI PIZZA AND PASTA, INC.** as Director of Operations on April 1, 2001 and served in that position until December 31, 2001. He was appointed to the position he currently holds as Chief Operating Officer/Chief Financial Officer and corporate Vice-President by the Board of Directors on January 1, 2002. Mr. Smith's experience includes serving as Director of Operations for Ala-Flora Deli, LLC d/b/a Schlotzsky's Deli from

July 1999 through January 2001. Prior to that, Mr. Smith was a Franchise Business Consultant for Schlotzsky's Deli, Inc. from May 1997 through August 1999.

Item 3

LITIGATION

ROTELLI has no material litigation to be disclosed in this Item of the Offering Circular. However, see Item 13 for information regarding any litigation involving our Proprietary Marks.

(1) Rotelli Pizza & Pasta, Inc. v. Timothy M. Sheerer and Mitnee, Inc. (Case No. 06-60138-CIV-Moreno/Simonton, U. S. District Court for the Southern District of Florida). On February 1, 2006, Rotelli filed an action for injunctive relief and damages against Timothy M. Sheerer and Mitnee, Inc. arising out of their wrongful termination of the franchise agreement and continued use of Rotelli's trademarks, trade dress and other proprietary information. Rotelli alleged the following six claims against defendants: (i) breach of contract; (ii) Lanham Act infringement; (iii) Lanham Act false designations; (iv) common law trademark infringement; and (v) common law unfair competition. Because of defendants' continued infringement of Rotelli's proprietary marks, Rotelli also filed a Motion for Preliminary Injunction. Defendants agreed to the entry of a Consent Order by the Court pursuant to which they agreed to cease all use of Rotelli's trade name, service marks, trademarks, color schemes, formulas, confidential recipes, training manuals, training films, videos and all other proprietary property of Rotelli. Defendants also agreed to change the recipe of a number of food items, as well as cease to offer certain food products that were proprietary property. Prior to the entry of the Consent Order, Defendants moved to compel arbitration under the terms of the franchise agreement to which Rotelli agreed. The parties are currently addressing their dispute before the American Arbitration Association, wherein Rotelli seeks to enforce its non-compete agreement against Defendants and force them to cease operations as an Italian restaurant.

Other than this case, no litigation is required to be disclosed in this Offering Circular.

Item 4

BANKRUPTCY

The Franchisor has no knowledge of any bankruptcy to be disclosed in this Item of the Offering Circular.

Item 5

INITIAL FRANCHISE FEE

Initial Franchise Fee

The Franchise Fee for a single-unit **ROTELLI** Franchise is \$25,000. The Franchise Fee is fully earned upon execution of the Franchise Agreement and is non-refundable. We fully earn the Franchise Fee when paid. The Franchise Fee is uniform as to all franchisees currently purchasing a **ROTELLI** Franchise. If you do not submit an acceptable site for the Franchised Business within 180 days after the date you sign the Franchise Agreement, the Franchise Agreement shall be deemed terminated. Should that occur, we will retain the Franchise Fee. The Franchise Fee is uniform for the first location of a **ROTELLI** Franchise. If you purchase rights for additional **ROTELLI** locations, the Franchise Fee is as follows:

Secondary Franchise Fee	\$20,000
Additional Franchise Fees	\$15,000

We reserve the right to waive the Franchise Fee for our, our affiliates' or Franchisees' employees who have successfully completed our "Owner in Training" Program. The initial franchise fee during the last fiscal year for a ROTELLI Restaurant franchise ranged from \$0 to \$25,000.

When a franchise is sold through our Area Developer, the Area Developer will receive a commission equal to 20% to 25% of the total Franchise Fee paid by a Franchisee who purchases a ROTELLI Restaurant franchise within that Area Developer's Territory, subject to the following conditions: (i) the Franchisee executed a Franchise Agreement with us and we have received the Initial Franchise Fee, (ii) the sale for which the Franchise Fee has been paid is not a resale of any existing ROTELLI restaurant, and (iii) the Area Developer has complied with all of its other obligations. This commission will be paid to the Area Developer on the 20th day of the following month once all conditions of the sale have been satisfied. When an Area Developer has performed all of its site services for a Franchisee, the Area Developer will be paid an Opening Commission equal to 20% of the Franchise Fee paid to us, payable on the 20th day of the month following the opening of the ROTELLI Restaurant. On the 20th day of the month following the completion of a transfer, Area Developers are paid a commission of 40% to 45% of any transfer fee we actually receive from the transfer of a franchise within the Area Developer's territory. An Area Developer also is paid, on the 20th day of the month following the end of each 4 to 5 week period, 40% to 45% of the royalty fees (excluding certain fees) received from each Franchisee (with some exceptions) located in the Territory.

Grand Opening Marketing Fund.

A Grand Opening Advertising Fee of \$10,000 is due at the time you execute your Franchise Agreement. The Grand Opening Marketing Fund is held for your benefit to fund the special "grand opening" marketing events to be held within the first 60 days of opening your business.

Item 6

OTHER FEES

In addition to the Initial Franchise Fee, you must pay us the fees described in the following chart.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	Greater of 6% of Gross Sales or \$240 per week	Payable electronically, in Florida, weekly, each Monday	See Note 1
Marketing Fund	Greater of 3% of Gross Sales or \$120 per week	Payable electronically, in Florida, weekly, each Monday	See Notes 1 & 2
Late Payment	Greater of 5% of the amount due or \$10 if any royalty or marketing fee is not paid when due	Upon Demand	
Interest	1.5% per month (18% per year)	Upon Demand	See Note 3
Bookkeeping Services	\$100 per week	Payable—electronically,—in Florida, weekly, each Monday	See Note 4

Additional Assistance	Costs incurred by us in providing assistance requested by you.	Upon invoice or electronically if not paid within 30 days of invoice date.	
Renewal	\$5,000	Before Renewal is Effective	
Offering Fee	Our reasonable costs to review offering materials, but no less than \$2,000	Prior to Review of Offering Materials	See Note 5
Late Opening Fee	\$50 per day	Upon invoice or electronically if not paid within 30 days of invoice date.	See Note 6
Indemnification	Will vary under circumstances	As incurred	See Note 7
Transfer Fee	\$5,000	Prior to the transfer of the license.	
Costs & Attorney's Fees	Will vary under circumstances	As Incurred	See Note 8

All of the fees listed above are imposed by and payable to us, unless otherwise noted. All fees are non-refundable.

Note (1) "Gross Sales" means the total revenues received in and from the restaurant, excluding discounts, credits, refunds, or sales taxes. You must prepare, sign, and submit a written sales report to us in a form and manner as we specify by no later than 5 pm on the Monday following the previous week's business. The weekly minimum royalty is subject to annual adjustment to reflect increases in the Consumer Price Index ("CPI") (see Franchise Agreement).

Note (2) In addition to the payment to the Marketing Fund, you may be required to spend at least two percent (2%) of Gross Sales for local advertising (See Item 11-Advertising). The weekly minimum Marketing Fund payment is subject to annual adjustment to reflect increases in the CPI Index (see Franchise Agreement).

Note (3) Payable if we audit your books and records and find that you have under reported Gross Sales by 2% or more, and/or you fail to furnish the required sales reports. You must submit a balance sheet and profit and loss statement within thirty (30) days after the end of each calendar quarter, and an annual financial statement prepared in accordance with generally accepted accounting principles consistently applied within sixty (60) days after the close of your fiscal year. The profit and loss statements and balance sheets are to be in the form specified by us and will be signed and certified in writing by you as being true and correct.

Note (4) — You will be required to use a designated vendor (which may be us or one of our affiliates) to provide bookkeeping services for you for the first 12 months that your first restaurant or business-related entity is operating. After that, you may discontinue the service 90 days after you retain a full time professional accountant (approved by us in writing) to provide bookkeeping services and that accountant agrees in writing (on a form acceptable to us) to provide timely financial statements we require. If you fail to provide those financial statements more than 2 times in any 12-month period, we may require you to use our designated bookkeeping services at the then current fee. We can terminate the service upon 90 days notice.

Note (45) If you undertake a public or private offering of securities, we must review all offering materials at least 60 days in advance of any offering.

Note (56) If you do not open the restaurant for business within 180 days from the date we approve the location for your restaurant (unless landlord delivery of the site is greater than the 180 days), you must pay \$50 per day until the restaurant opens. We may also terminate the Franchise Agreement if you are not open for business within this period.

Note (67) You must reimburse us if we are held liable for claims arising from your operation of the Franchised Business.

Note (78) You are responsible for our costs and attorney's fees if we incur them in any arbitration or litigation proceeding in which we prevail or if we obtain an injunction against you.

Item 7

INITIAL INVESTMENT

Initial Investment (Note 1)	Estimated Amount		Method of Payment	When is payment due?	To who is payment made?
	Low	High			
Initial Franchise Fee (Note 2)	\$15,000	\$25,000	Lump Sum	At the execution of Franchise Agreement	Us
Real Estate Development (Note 3)	\$8,000	\$20,000	Lump Sum or Financed	Prior to Opening	Your Landlord and/or Contractor
Tenant Improvements (Note 4)	\$118,000	\$275,000	Lump Sum or Financed	Per your agreement with General Contractor	Approved Contractors
Furniture, Fixtures, Smallwares and Equipment (Note 5)	\$115,000	\$175,000	Lump Sum or Financed	As Incurred Prior to Opening	Approved Supplier
Opening Inventory	\$7,000	\$18,000	Vendor Terms	Vendor Terms	Approved Supplier
Miscellaneous Opening Costs (Note 6)	\$5,000	\$15,000	As Incurred	As Incurred Prior to Opening	Suppliers, Lawyer, CPA, etc.
Licenses, Permits and Deposits (Note 7)	\$1,000	\$75,000	As Incurred	As Incurred Prior to Opening	Liquor Licenses, Municipalities, Utility Companies, Lessor, etc.
Insurance (Note 8)	\$4,000	\$12,000	Insurance Company Terms	Per Insurance Carrier	Insurance Company
Grand Opening Advertising (Note 9)	\$10,000	\$10,000	Lump Sum	At the execution of the Franchise Agreement	Us

Travel and Living Expense while in Training (Note 10)	\$2,000	\$15,000	As Incurred	As Incurred	Managers Salaries, Airlines, Rental Car Agencies, Restaurants, Hotels, Etc.
Additional Funds for First 3 months of Operations (Note 11)	\$15,000	\$40,000	As Incurred	As Incurred	Us, Third Parties and Employees

TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 12 & 13) \$300,000 TO \$674,000

Note 1: Your initial investment for a new restaurant depends upon (1) the number of restaurants you acquire; (2) their size; (3) their configuration; (4) their location; (5) who pays the cost of developing the real estate and/or construction of the restaurant; and (6) the amount and terms of financing. The initial funds required must be estimated since most costs are not within our control and may change at frequent intervals. **These figures are estimates only. We cannot and do not guarantee that your costs will fall within the stated ranges.** These estimated ranges are based on our limited experience and knowledge from the opening and conversion of over forty-two ~~eight~~ (4028) franchise restaurants. The costs are constantly changing and you should obtain current cost information as part of your due diligence prior to the time you purchase execute your Franchise Agreement.

Note 2: The Franchise Fee is non-refundable. We do not currently, nor do we have any future plans to, finance any part of the Franchise Fee.

Note 3: Real Estate costs vary considerably according to the type of restaurant, fair market values in your area, your real estate interest (leasehold or ownership), location, and whether you or your landlord develops the location. Your costs can vary depending on the size of the site and municipal requirements. The restaurant will usually occupy leased space, and will typically contain 1,800 to 3,570 square feet (although in some test situations we have allowed units that are larger). Lease rates usually range from \$13 to \$4538 per square foot, or more. Although we do not recommend it, some leases may obligate the tenant to pay the landlord an additional "percentage rent" amount, equal to the amount by which the rent per square foot is exceeded by a percentage of "gross sales." Leases are usually "triple net," requiring the tenant to reimburse the landlord for all of the landlord's costs of operation. These triple net costs and Common Area Maintenance ("CAM") charges are determined by negotiation with the landlord and will vary from location to location. This item also includes the layout, design and architectural drawings to fit the actual restaurant in your leased space. Our architect's fee is generally lower because of the work being accomplished by the designer and the repetition in the equipment layout and restaurant design. Our Architect will need to complete detailed plans and specifications in order to allow your General Contractor to bid accurately and apply for permits.

Note 4: This estimate assumes you pay the entire cost of construction with no tenant improvement allowance or contribution by the landlord for construction and assumes the premises are delivered with four bare walls and ceiling, electric in place, gas in place and that non-union labor will be employed. If the premises are not so delivered, these costs may increase, and if union labor is used, these costs may additionally increase. In some instances, the space can be a bare dirt floor pad, with no utilities supplied. Certain locations may require special design criteria, such as "self cleaning" hood systems, which could add to the estimated cost. The cost associated with extensive

build outs and/or special design criteria are not included in the estimate.

Note 5: This estimate includes estimated costs associated with furniture, furnishings, installations, equipment, trade fixtures, small-wares, and point of sale register system, office equipment, ventilation and exhaust systems, and certain items on the restaurant premises. The amount of specific items will vary depending upon the location, size and condition of a particular restaurant. You will be required to use a designated point of sale electronic cash register system and install a designated telephone line and/or cable/DSL Modem for downloading information and credit card confirmation. (See Item 11).

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Note 6: Incorporation and related fees include complying with fictitious, assumed, or trade name statutes of the state in which the restaurant is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested. Costs such as additional licenses and permits, professional fees for accountants and architects, miscellaneous supplies, and other items are also included in this estimate.

Note 7: The telephone, gas, water and electric companies, and/or others supplying services to your restaurant may require deposits. The deposits may be refunded to you at a later date. In most cases, your lease will require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating fees (see Note 3 above). In addition, some areas require tap fees in order for you to tap into their utility and these are included in this estimate. Also contained in this estimate is the cost associated with the purchase of a beer, wine and liquor license. Each state has different requirements, and the cost associated with the purchase of this license, as well as regulations relating to such license, can and will vary state to state.

Note 8: You are obligated under the Franchise Agreement to obtain and maintain commercial general liability insurance in the amount of \$1,000,000 aggregate single coverage, business interruption insurance, fire and extended coverage insurance, workers' compensation, delivery driver coverage and any other insurance required under the terms of the lease or in accordance with your state's laws for the restaurant or business.

Note 9: You are required to deposit \$10,000 with us for your "Grand Opening Marketing Activities." (See Item 5).

Note 10: The Franchisee will incur all costs and expenses associated with the mandatory training program. These costs include transportation, lodging, compensation of employees and meals. Generally, these costs will vary as a function of the distance traveled, the lodging selected, the restaurant used for training, the distance between the lodging and training center and the type of transportation selected. This estimate contemplates attendance of two (2) persons traveling to our training facility in Florida (or a destination or restaurant location as designated by us) and attending training as required by the Franchise Agreement. You must also maintain worker's compensation insurance coverage for trainees in your employment.

Note 11: This is an estimate of the funds needed only for opening expenses and working capital to operate the restaurant for a minimum of three months after opening. The actual amount of additional funds you will need depends on a variety of factors, including: how closely you follow methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for restaurant services; prevailing

wage rate; and the sales level achieved during the initial period.

The estimate of additional funds also includes salaries and benefits for employees, but does not include any allowance for an owner's draw. You may have to put additional cash into the business, but we cannot and will not estimate or promise when, or whether, any restaurant, including yours, will achieve positive cash flow or profits. In addition, we recommend that you have sufficient additional funds available to cover your living expenses for one year. The amount will vary substantially depending on your situation and must be determined by you. These figures should be reviewed with a business advisor before making a decision to purchase a franchise.

Note 12: Other than as part of our "Owner in Training Program", we do not offer financing indirectly or directly for any part of the initial investment. The availability and terms of financing you can obtain will depend on factors such as the availability of financing in general, your credit worthiness, collateral you may have and lending policies of financial institutions. The estimate does not include any finance charge, interest or debt service obligation.

Note 13: We relied on the business experience of our principal officers (see Item 2) to compile these estimates. As of the date of this offering, there are thirty (30) franchised units in operation. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. If you are considering a Rotelli restaurant, we strongly advise you to visit as many locations as you can and call as many franchise owners as you can, particularly if any exist in the market in which you are interested. A current list of Rotelli Pizza & Pasta restaurants is available in Exhibit "E" of this Offering Circular.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The goodwill, public acceptance, and recognition of the **ROTELLI** Operating System is based to a significant degree upon uniformity. To ensure that this uniformity is maintained, you will be required to comply with all standards and specifications for equipment, fixtures, furnishings, ingredients, signs, supplies, and food items to be used or sold at **ROTELLI** restaurants, as specified by us from time to time. Specifications exist regarding construction, fixturation, design, signage, displays, promotional materials, operational procedures, production methods, equipment, smallwares, paper goods and other items bearing our Proprietary Marks. All specifications are contained in the Confidential Operating Manual and Confidential Recipe Manual ("Manuals"). Modified specifications based on research, development and testing at **ROTELLI** restaurants will be communicated to you by changes to the Manual, electronic mail, regular mail or the Franchisor's proprietary website found at www.rotellipp.com. You are responsible for any costs associated with complying with such changes. Additionally, you must comply with the changes within the time period we prescribe upon communicating the change to you.

You will not install, purchase or use any equipment, fixtures, furnishings, ingredients, commodities, supplies, or other items or perform any services in operating your Franchised Business which fall below or deviate from the standards and specifications set forth in the Manuals, or as we may otherwise direct in writing. You must construct, decorate, and equip your restaurant in accordance with our requirements, at your sole expense. We must approve all final plans and specifications **before you begin** construction. All responsibility for the work of independent contractors, including delays and/or construction losses, is solely the responsibility of the independent contractors, and you and not Rotelli of us. All material and substantial changes are to be approved by us in writing prior to the changes being made. You must replace and modernize the furniture, fixtures, supplies, and equipment in your restaurant in accordance with our plans and specifications, which we may change in order to reflect the common image intended to be portrayed by **ROTELLI** restaurants.

You may sell only food items and non-food products we designate, and your menu may only list these designated items. All pizza, pasta, sandwiches, salads, desserts, beverages, and related products are to be prepared solely from our proprietary recipes, or as made available through our preferred suppliers.

All labels, containers, paper and plastic goods must meet our specifications, bear our Proprietary Marks with the appropriate trademark or service mark notices, and be in the form, color, and substance as we prescribe.

We will furnish you in the Manuals and in other written materials, an approved supplier list, setting forth approved brands, models, suppliers, and/or distributors.

You will be required to purchase point-of-sale cash registers/computer hardware, dedicated telephone and power lines, modem(s), printer(s) and other computer-related equipment necessary to be online with our computer system, to provide point-of-sale information.

You may recommend suppliers for any item or items. We will test these items and evaluate your recommended sources with reasonable promptness and will approve or disapprove these items and/or sources within thirty (30) business days of completion of the following conditions:

- A. You must submit a written request for approval on the proper form and agree to bear the costs of our tests and evaluations- (tThe supplier may also bear these costs).
- B. The supplier demonstrates to our reasonable satisfaction that it is able to supply the item or product in conformity with our whole system, not just your restaurant or market, using our specifications for this item or product.
- C. The supplier demonstrates to our reasonable satisfaction that the supplier is of good standing in the business community with respect to its financial capabilities and the reliability of its products and service.
- D. Our representatives are allowed to inspect the supplier's facilities and samples are available for testing.

Your employees will be required to wear uniforms while at work at your **ROTELLI** restaurant. Uniforms will be in accordance with our design and specifications, which we may modify from time to time.

~~**Bookkeeping.** As described in Item 6, you must use us or our designated vendor to provide all bookkeeping services for your first restaurant or company for your first 12 months of operation. According to our 2004 Audited Financial Statement, we received no revenue during that fiscal year or any preceding fiscal year due to this requirement.~~

~~**Payroll.** You must use our designated vendor to provide payroll services. According to our 2004 Audited Financial Statement ROTELLI received no revenue during that or any preceding fiscal year due to this requirement.~~

All marketing and promotion by you in any manner or medium must be conducted in a professional and dignified manner, and must conform to our specified standards and requirements. You must submit to us, for our prior approval (except for prices to be charged), samples of all advertising or promotional plans and materials that

you desire to use, which have not been prepared or previously approved by us. **You may not use any marketing or promotional materials before obtaining our written approval.**

You must provide us with a copy of the executed lease for your **ROTELLI** restaurant. The lease must include certain terms and conditions, either as part of the lease itself or as an addendum. These are set out in Exhibit “B” to the Franchise Agreement.

Miscellaneous

Neither we, nor persons related to us, currently derive revenue or other material consideration as a result of your required purchases or leases. There are currently no purchasing or distribution cooperatives. We currently negotiate purchase arrangements with suppliers for the benefit of franchisees. We can and may in the future negotiate purchase arrangements with suppliers on behalf of and/or for the benefit of franchisees. We may derive revenue or other material consideration from suppliers as a result of your required purchases or leases. Although we are not currently the source of any required products, ~~w~~We also may be the only source for certain types of promotional materials and items that you will be required to use.

We do not provide material benefits to you based on your use of designated or approved suppliers, although in considering renewal of your Franchise Agreement, we will review your compliance with our System requirements.

Item 9

FRANCHISEE’S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS, IF ANY. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN OFFERING CIRCULAR
a. Site selection and acquisition/lease	IV	8 and 11
b. Pre-opening purchases/leases	IV; V; VII	7, 8 and 11
c. Site development and other pre-opening requirements	IV; VIII	7, 8 and 11

d.	Initial and ongoing training	V	7 and 11
e.	Opening	IV	7 and 11
f.	Fees	II; III; IV; V; XII; XIII; XIV; XV; XXII	5, 6, and 7
g.	Compliance with standards and policies/ Operating Manual	VI; VII and VIII	8 and 11
h.	Trademarks and proprietary information	I; VI; XVI; XVII; XX	13 and 14
i.	Restrictions on products/services offered	IV; VIII	16
j.	Warranty and customer service requirements	None	None
k.	Territorial development and sales quotas	I	12
l.	Ongoing product/service purchases	VIII	8
m.	Maintenance, appearance and remodeling requirements	II; VI	11
n.	Insurance	IX	7
o.	Advertising	XII	7, 8 and 11

p.	Indemnification	X	None
q.	Owner's participation/ management/staffing	VI; V; XV	1, 11 and 15
r.	Records and reports	VI; XIV	6 and 11
s.	Inspections and audits	VII; XIV	6 and 11
t.	Transfer	XV	6 and 17
u.	Renewal	II	6 and 17
v.	Post-termination	XX	17
w.	Non-competition covenants	XVII	17
x.	Dispute resolution	XXII	17

Item 10

FINANCING

Other than as part of our 'Owner in Training Program' we do not offer, directly or indirectly, any arrangements for financing your initial investment or the operation of the Franchised Business. We are unable to estimate whether you will be able to obtain financing for all or any part of your investment and, if you are able to obtain financing, we cannot predict the terms of that financing. You agree that you will not, without prior written consent, borrow more than the maximum allowed debt we prescribe. We periodically may change this amount at our sole discretion. Currently, the maximum allowed debt to be serviced by your Restaurant is 75% of your actual

investment (see item 7). We impose this requirement because excess debt will adversely affect your Restaurant's operational and financial results.

In order to secure your prompt performance of your obligations under the Franchise Agreement, you grant us a priority security interest in the franchise and the equipment, fixtures and improvements at the restaurant. You will execute our standard Security Agreement, attached to the Franchise Agreement as Exhibit "D," in order to perfect this security interest. You will also execute a standard UCC-1 Financing Statement. If you default under the terms of the Franchise Agreement, by failing to make royalty or marketing fund payments on time, we can repossess the franchise and the equipment, fixtures and improvements at the restaurant.

No contract or other instrument between us contains any waiver of defenses or similar provisions. We do not have any past or present practice, or any intent, to sell, assign, or discount to a third party, in whole or in part, any note, contract, or other instrument executed by you. We do not and will not guarantee your note, lease, or obligation.

Item 11

FRANCHISOR'S OBLIGATIONS

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

Pre-Opening Obligations. Prior to opening the Franchised Business, we will:

- A. Grant permission to proceed with the proposed site for your restaurant prior to you executing a binding lease agreement. **Our permission to execute a lease of a location is not a representation or warranty of the viability or success of the location.** (Section IV).
- B. Provide an initial training program. (Section V).
- C. Loan you a copy of the Manuals, which contain mandatory specifications, standards and procedures. The Manuals are confidential and remain our property. We will modify the Manuals from time to time to reflect changes in the standards, specifications, and procedures for operating a **ROTELLI** restaurant. (Section VI. B). You are responsible for all costs associated with complying with any changes we may prescribe from time to time.
- D. Provide you with standard menu formats. (Section VI).
- E. Prescribe standard uniforms and attire for your personnel. (Section VI).
- F. Provide approved suppliers or manufacturers of supplies. (Section VIII).
- G. Evaluate sources of supplies you may recommend from time to time. (Section VIII. D).

Obligations after Opening. After the opening of your Franchised Business, we will:

- A. Determine the standards of quality, service, production, merchandising, and advertising. (Sections VI, VII and XII).

- B. Provide periodic inspections of the restaurant to ensure uniformity and quality control. (Section VII).
- C. Develop marketing programs, public relations, and promotional campaigns, designed to promote and enhance the value of all **ROTELLI** restaurants, but with no obligation to advertise equally for all markets or franchisees. (Section XII).
- D. Provide a uniform reporting system, including standardized forms. (Section XIV).

Marketing Programs

We will maintain and administer the **ROTELLI** marketing fund (the "Marketing Fund"). You will pay a weekly fee, electronically, for advertising, public relations, promotional campaigns, and other marketing programs, in a sum equal to the greatest of 3% of your weekly Gross Sales or a minimum of \$120 per week. (Franchise Agreement, Sec. XII.B.1). The monies collected will be specially accounted for on our books and records. These sums are used for the benefit of all franchisees in order to promote and enhance the value of the **ROTELLI** System. We are not obligated, in administering the Marketing Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

We will direct all marketing programs financed by the Marketing Fund and will have sole discretion over the creative concepts, materials, endorsements used, geographic market, media placement, and fund allocation. We will use an in-house marketing department, and/or national and/or regional advertising agencies. The Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing public relations firms; preparing and producing video, audio, and written marketing materials; administering multi-regional marketing programs, including, without limitation, purchasing television, radio, magazine, billboard, newspaper, and other media advertising, and employing advertising agencies, providing marketing materials to **ROTELLI** restaurants; and holding conventions and regional meetings for **ROTELLI** franchisees. The Marketing Fund ~~will~~ may from time to time furnish you with approved marketing materials on the same terms and conditions as we furnish these materials to our other franchisees. The Marketing Fund will not use any funds for advertising that is principally and specifically a solicitation for the sale of franchises.

Under the Franchise Agreement, you authorize us to collect any advertising monies or credits due from any of your distributors or other suppliers and any advertising or other rebates or any discounts from distributors and other suppliers based upon purchases or volume purchases by us and our franchisees (including purchases by you). We have the right to negotiate with suppliers, to obtain price reductions, discounts, or rebates based on volume purchases. Unless these suppliers designate these payments specifically for advertising and promotion (in which case we will contribute them to the Marketing Fund), we can use these payments as we see fit. Any amounts contributed to the Marketing Fund will be in addition to all other amounts due or contributed under the Franchise Agreement. Any Marketing Fund contributions not spent in the fiscal year in which they accrue are carried over to the next fiscal year.

We have the right, in our sole discretion, to designate any geographic area for purposes of establishing a Co-operative Advertising Region (the "Co-op"), and to determine whether a Co-op is applicable to the Franchised Business. We also have the power to require a Co-op to be changed, dissolved, and/or merged. If a Co-op has been established for the Franchised Business at the time you begin operations under the Franchise Agreement, you must

immediately become a member of the Co-op. (Franchise Agreement, Sec. XI.A). If a Co-op applicable to the Franchised Business is established at any time during the term of the Franchise Agreement, you must become a member of the Co-op at that time. (Franchise Agreement, Sec. XI.A).

Each Co-op must adopt written governing documents. A copy of the governing documents of the Co-op (if one has been established) for your geographic area is available upon request. The amount of your monetary contribution to the Co-op will be set by the membership. (Franchise Agreement, Sec. XI.C). The Co-op members and their elected officers are responsible for administration of the Co-op. Co-ops must prepare and submit to the company quarterly and annual financial statements.

In February 2004, the first advertising co-op was formed in the Designated Marketing Area (“DMA”) know as Western Pennsylvania. The co-op has operated under specific bylaws since that date and a portion of the marketing funds collected by ROTELLI on behalf of the National Advertising Fund are returned to the Co-op on the 20th day of the month following each 4 to 5 week preceding period.

We have the right, but not the obligation, to establish a Marketing Fund Advisory Committee, consisting of franchisees to advise and consult with us regarding the establishment, modification, continuance, or other decisions or considerations affecting marketing programs. We will determine the organizational structure and manner of operation of that Committee in our sole discretion. We will consult with the Committee and consider the Committee’s input and advice concerning the use of the Marketing Fund. However, we will retain sole discretion over all aspects, including administration and use, of the Marketing Fund.

Local Marketing

You are required to spend \$10,000 in grand opening advertising. All grand opening marketing expenditures must be approved by us in advance. Payment for such advertising shall be made from the \$10,000 grand opening advertising fee you pay to us when you execute your Franchise Agreement. You may be required to spend 2% of your Gross Sales monthly, on local advertising. Local advertising must be in effect within 30 days after the opening of your ROTELLI restaurant. You are required to substantiate local advertising by supplying the information we may require, including tear sheets, paid advertising invoices, and similar documentation. (Franchise Agreement, Sec. XI.C).

You are also responsible for any lease obligations which require contribution(s) to a marketing fund, advertising fund, or any fund of a similar nature or other forms of advertising expenses. Any contributions or expenditures made by you to satisfy these lease obligations will only reduce your obligation to engage in local advertising, but not your obligation to contribute to the Marketing Fund. (Franchise Agreement, Sec. XI.C).

Prior to your use, samples of all marketing materials and descriptions of local promotional programs that you propose to use, that were not prepared or previously approved by us, are to be submitted to us for approval. You are required to receive written approval for any materials or descriptions before using in any manner. You ~~may~~will not use any marketing materials that we have disapproved. (Franchise Agreement, Sec. XI.C).

Location Selection

If, at the time the Franchise Agreement is executed, you have not obtained, and we have not given permission to proceed with a location for the Franchised Business, you must lease or acquire a location, subject to

our acceptance. (Franchise Agreement, Sec. IV.A).

The site selection procedure is as follows:

Within 180 days after signing the Franchise Agreement, you must obtain and submit for our acceptance a site, at your expense, for the Franchised Business, which must be accepted by us for use as a Rotelli restaurant. (Franchise Agreement, Sec. IV.B).

Prior to your acquisition by lease or purchase of a site for the Franchised Business, you must submit to us, in the form we specify, a completed site report and any other information or materials we may reasonably require. We will have 30 days after receipt of this information and materials from you to advise you as to our decision, in our sole discretion, as to whether the site will be accepted as a location for the Franchised Business. No proposed site will be deemed accepted unless we have expressly given permission to proceed in writing. If you do not submit an acceptable site to us for our permission to move forward within the time limit described above, we have the right to terminate the Franchise Agreement. (Franchise Agreement, Sec. IV).

Permission to proceed with your restaurant location is based on available demographic information on the site and the area in which it is located, including income figures, traffic patterns, neighborhood, visibility and accessibility of the site, parking facilities, competition and other considerations, including the terms and conditions under which the site is available. Your lease is subject to our written acceptance and must contain certain provisions, as set out in Exhibit "B" to the Franchise Agreement. We reserve the right to withhold permission to proceed on any site for any reason. However, **site acceptance does not constitute an affirmation of viability of the site by us.** The success of any site cannot be accurately predicted and our acceptance of any particular site does not guarantee in any way the performance of a particular restaurant.

The typical length of time between the receipt of the Franchise Fee or signing of the Franchise Agreement and the opening of your restaurant varies according to the circumstances involved. It normally takes between 180-360 days to open a **ROTELLI** restaurant after the Franchise Agreement has been executed and the Franchise Fee paid, subject to delaying circumstances normally associated with construction endeavors. A restaurant will be permitted to open for business only after receiving our written permission to proceed. Factors that will affect the length of time it takes you to open for business include: finding an acceptable site; securing financing, zoning and other permits; compliance with local ordinances and restrictions; weather conditions; availability, delivery and installation of fixtures, signs and equipment; and completion of required training.

Computer System/Point of Sale Equipment

You will be required to purchase a designated point of sale electronic cash register system that meets our specifications. A DSL or Cable modem will also be required for the transfer of information to and from your restaurants. This system permits us to instantly receive information concerning sales from your Franchised Business, and provide you with sales and other operational information. (Franchise Agreement, Sec. VII.I).

This system is typically comprised of the following hardware components and software programs subject to change at the discretion of the Franchisor: (i) Maitre'd POS Software, which is comprised of 4 to 5 workstations, delivery, time & attendance, table management, corporate communication and account interface; (ii) Maitre-d EFT Credit Card Authorization Machine; (iii) Epson TM-88 III Thermos printer; (iv) Epson TM-U200; (v) Epson TM-U200B with cutter; (vi) cash drawer; (vii) Keyboard PS2 104 key; (viii) PS2 Mouse; (ix) Hub 5 port; (x) Fax

Modem USR 56K External; (xi) Network, computer, menu software, workstation, OS installation; (xii) touch screen terminal which is comprised of a network card, serial, 12.1 color TFT active matrix LCD display, and card reader (windows 2000 – black); and (xiii) EFT credit card modem.

The hardware components and software programs are the proprietary property of a third party. The third party does not currently have an obligation to provide ongoing maintenance, repairs, upgrades and/or updates. As of this date, no compatible equivalent component or program has been approved by the Franchisor for use with the computer, computer system/point of sale equipment to perform the same functions as are necessary in the subject franchised business. If Franchisee needs to order replacement parts, all inquiries should be made to the following entity: MDF Network, 5057 Massy Drive, Lake Worth, Florida 33463, Telephone No.: (954) 895-2723. Franchisor and its franchisees have continuously utilized the subject hardware components and software programs from MDF Network since approximately the year 2000. At this time, Franchisor has not approved any other hardware components or software programs for use with the subject computer system.

Training Programs

Prior to the opening of the Franchised Business, you (or if you are a business organization, all owners and their spouses, if the spouse will be active in the Franchised Business), and your management team, must attend and complete to our satisfaction, the initial training program, at a location designated by us. Generally, the training site will be near our corporate offices in Florida. You are responsible for all travel, lodging, and subsistence expenses of all persons attending the training session. Training begins as soon as possible after execution of the Franchise Agreement and will last a minimum of 160 hours, both in class and on-the-job, or as modified by the Franchisor. Our training program includes restaurant operation, onsite food preparation, customer service procedures, and management techniques, together with inventory, cost accounting, and general business procedures, among other things. (Franchise Agreement, Section V).

If you fail to complete the initial training program to our satisfaction, we may elect to terminate the Franchise Agreement. (Franchise Agreement, Section V).

We may require you and/or any previously trained and experienced personnel to attend periodic refresher courses at locations designated by us. You will be responsible for all travel and living expenses incurred for any additional training programs.

You have the right to request additional training and we may, in our sole discretion, provide additional training at times and places, and for such a duration as we deem necessary. You must pay the cost of the additional training, including but not limited to the cost of transportation, lodging, salaries, per diem and the current charge for the services of our representative(s), in advance.

Only individuals we trained may have overall responsibility for the operation of the restaurant and you will send each person to be trained to us for training, unless we waive the training in writing.

Training provided by us or our representatives does not guarantee the success of your Franchise or business.

The initial training program includes a minimum of the following subjects:

TRAINING SCHEDULE

SUBJECT	TIME	INSTRUCTIONAL MATERIAL	CLASSROOM HOURS	O.J.T. HOURS
Marketing	1 day	Operating Manual	4 Hours	8 hours
Restaurant Function training	3 weeks	Operating Manual and Recipe Manual	N/A	120 hours Note (2)
Financial Management	1 day	Operating Manual	8 hours	8 hours Note (2)

Food Safety	1 day	Operating Manual	8 hours	Note (1)
Restaurant Management	1 week	Operating Manual	N/A	40 hours Note (2)
Purchasing/Inventory	2 days	Operating Manual	4 hours	16 hours
Orientation/History	1 day	Operating Manual	N/A	8 hours Note (2)
Guest Service	1 week	Operating Manual	N/A	40 hours Note (2)
Computer and POS Training	1 day	Operating Manual	8 hours	8 hours Note (2)
Scheduling Time Management	1 day	Operating Manual	N/A	8 hours Note (2)
Opening/Closing Procedures	1 week	Operating Manual	4 hours	40 hours Note (2)
Human Resources	1 day	Operating Manual	N/A	8 hours Note (2)
Leadership	1 week	Operating Manual	N/A	40 hours Note (2)

Note (1) Many states and municipalities require food service managers and handlers to be licensed. The training program is not a substitute for that required licensing. You should check your state and local laws for licensing requirements.

Note (2) These subjects are presented simultaneously and/or overlap one another, thus the total O.J.T. hours are not the sum of the total hours shown.

Confidential Operating Manual and Confidential Recipe Manual

If so desired, prior to signing the Franchise Agreement and upon the execution of a confidentiality agreement, you may have an opportunity to view the Manual.

Item 12

TERRITORY

Under the terms of the Franchise Agreement, **you are granted no protected territory** You may only operate your restaurant at the location designated in the Franchise Agreement and accepted by us, and you may not move your operation, except upon our written consent, subject to any rights granted to other franchisees. Our permission, if we give it, will be based on a variety of factors including the viability of the existing location, demographics about

the proposed location, and your compliance with the Franchise Agreement. The responsibility of site selection ultimately lies with you, and we do not guarantee the viability or success of any location based upon our acceptance.

The continuation of your rights to your **ROTELLI** restaurant during the term of the Franchise Agreement is not dependent upon achieving any certain sales volume, market penetration, or similar contingency.

We and our related companies and/or affiliates have the right to open or operate Company owned or franchised restaurants in similar or dissimilar businesses, under different trademarks, service marks and commercial symbols during the term of the Franchise Agreement. You may experience competition from our other franchisees with sites in the same general geographic area as you... We and our related companies may establish, operate, and license others to establish and operate **ROTELLI** restaurants at any location.

We also have the right to distribute or license the manufacture or distribution of products, regardless of whether those products are authorized for **ROTELLI** restaurants, under any trademarks, service marks, logos, and commercial symbols, whether licensed to you or not, through grocery stores, retail food stores, the internet and other channels of distribution.

Item 13

TRADEMARKS

Under the Franchise Agreement, we grant you the right and license to use the Proprietary Marks solely in the conduct of your Franchised Business. You may only use those Proprietary Marks as are designated by us in writing for your use and you may use them only in the manner permitted by us. You may not, directly or indirectly, contest our ownership of, or our rights in, the Proprietary Marks. Our primary Proprietary Mark is the “**ROTELLI PIZZA, PASTA, PERFECT**” name and logo.

A corporation in the name of **ROTELLI PIZZA AND PASTA, INC.** was formed on May 20, 1999 in the State of Florida. The following is a description of our principal Proprietary Marks, which we registered on the United States Patent and Trademark Office principal register:

FEDERAL REGISTRATIONS

Registration Number	Description of Marks	Registration Date	Application Number/ Application Date (If Not Registered)	Renewal
No. 2,871,483	Rotelli Pizza, Pasta, Perfect Service Mark	August 10, 2004	N/A	To be filed when due

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceedings, or any material litigation involving our Proprietary Marks.

There are no agreements currently in effect that significantly limit our right to use or license the use of our Proprietary Marks in any manner material to the franchise. There are no infringing uses actually known to us that

would materially affect your use of the Proprietary Marks in the state in which your Franchised Restaurant is to be located.

In the event you receive notice, or are informed of any claim, suit, or demand against your use of any Proprietary Mark, you are obligated to promptly notify us. We have the sole discretion to take any action, including taking no action, if we deem appropriate. We are not obligated by the Franchise Agreement to defend you against any infringement, unfair competition, or other claim respecting the Proprietary Marks. We will reimburse you for actual damages (other than loss of income) and expenses reasonably incurred by you as the result of any claim made by any third party for infringement, unfair competition or similar matters involving your use of the Proprietary Marks, provided you satisfy certain conditions in the Franchise Agreement.

We alone have the right to control or settle any legal actions or proceedings. We may, in our sole discretion, prosecute or defend any other actions or proceeding, which we deem necessary or desirable for the protection of the Proprietary Marks. You agree not to contest our right, title, or interest in the Proprietary Marks.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any names or Proprietary Marks, you must use one or more additional or substitute Proprietary Marks as direct by us. You will be required to bear all expenses associated with any such changes.

You cannot use our name, Proprietary Marks, or variants of either as part of a business organization name. You must obtain fictitious or assumed name registration as required by local law. You may not use the **ROTELLI PIZZA, PASTA, PERFECT** or **ROTELLI PIZZA AND PASTA** or **ROTELLI** name for the sale of unauthorized products or services, or in a manner not authorized in writing by us.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise. We claim copyright protection in the Manuals and related materials, ~~and~~ advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential, are considered our property, and may be used by you only as provided in the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect, which significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

You must treat the Manuals, any other manuals created for or accepted for use in the operation of the Franchised Business, and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or otherwise make them available to any unauthorized person. The Manuals, which are loaned to you for use, will remain our sole property and must be kept in a secure place at the restaurant.

We may revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that the Manuals are kept current at all times. In the event of any disputes as to the contents of the

Manuals, the terms of the master copy maintained by us at our home office will be controlling.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as is necessary for the operation of the Franchised Business and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the services, advertising, marketing, designs, plans, or methods of operation of the Franchised Business or the System. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, or knowledge, including, materials, equipment, marketing, and other data, which we designate as secret or confidential, will be deemed secret and confidential for purposes of the Franchise Agreement.

At our request, you must require your manager, and any personnel having access to any of our confidential information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchised Business. The covenants must be in a form satisfactory to us, including, specific identification of us as a third-party beneficiary of the covenants, with the independent right to enforce them.

We also consider our trade dress (i.e., elements of the **ROTELLI** look, ~~feel,~~ method and style of doing business) inherently and uniquely distinctive and protectable under applicable Federal and State laws.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement and continuously exert your best efforts to promote and enhance the Franchised Business for the full term of the Franchise Agreement. You must not engage in any other business or activity that conflicts with your obligations under the Franchise Agreement. If you do not act as the manager of the Franchised Business, you must designate someone whom we ~~deem acceptable~~approve to devote full time energy and best efforts to the management and operation of the Franchised Business. This manager, along with any other manager we may designate, must attend and satisfactorily complete our initial training program at the expense of your organization. A manager need not have an equity interest in the Franchised Business, but must agree in writing, if we request, to preserve the confidentiality of any confidential information to which he or she has access and abide by certain competitive restrictions. The competitive restrictions are similar to the competitive restrictions described in the Franchise Agreement. See Items 14 and 17.

You may transfer the Franchise Agreement and the assets and liabilities of the Franchised Business to a business organization or entity (i.e., a corporation, partnership, limited liability company or other similar entity) (a "Business Entity"), if all of the following conditions are met:

- (a) The Business Entity must conduct no business other than your **ROTELLI** Franchised Business.
- (b) You must actively manage the Business Entity and own, control and direct its operations either through binding written agreements, governing documents or voting power.

- (c) All members of the business entity must personally guarantee performance of all of the Business Entity's obligations under the Franchise Agreement by signing our standard form of personal guaranty.
- (d) You must provide us with copies of all governing documents (articles of incorporation or organization, bylaws, agreements among owners, etc.).
- (e) The governing documents of the Business Entity must recite that the issuance and assignment of any ownership interest (i.e., corporate stock, or partnership or membership interests) are restricted by the terms of the Franchise Agreement.
- (f) All issued and outstanding ownership interests must bear a legend reciting or referring to the restrictions of the Franchise Agreement on the issuance and transfer of ownership interests in the Business Entity.
- (g) As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner sign our standard form of personal guaranty.
- (h) We may require all principal owners of the Business Entity to sign our standard form of personal guaranty.
- (i) You must promptly notify us in writing of any proposed changes in the principal owners and the governing documents.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with the Franchise Agreement and with all of our required methods, procedures, policies, standards, and specifications, as set out in the Manuals and in writing by us. You must use the restaurant premises only for the operation of the Franchised Business and may not operate any other business at or from the restaurant without our express prior written consent. You must keep the Franchised Business open and in normal operation for the minimum hours and days that we specify.

We require you to offer only those products and perform those services that we have approved. You have to offer all restaurant services that we designate as required for all franchisees. You must refrain from any deviation from our standards and specifications without our prior written consent.

We reserve the right to designate additional products and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes. You must comply with all agreements of third parties that pertain to the restaurant, including, in particular, all provisions of any premises lease and any equipment leases.

You must operate the Franchised Business in strict conformity with all applicable federal, state, and local laws, ordinances, and regulations. These laws, ordinances, and regulations vary from jurisdiction to jurisdiction and are amendable or may be implemented or interpreted in a different manner. It is your sole responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the

Franchised Business, and to adhere to them and to the then-current implementation or interpretation of them.

The System may be supplemented, improved, and otherwise modified by us. You must comply with all of our reasonable requirements in that regard.

Except as described above, you are not restricted by the Franchise Agreement, or any other practice or custom of ours concerning the goods or services which you may offer, or the customers whom you may solicit.

See Items 8, 9, 11, 12, and 15 for more information about your obligations and restrictions.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Offering Circular.

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section II.A	10 years
b. Renewal or extension of the term	Section II.B	If you are not in default, you can request and may be granted renewal for an additional 10 year term
c. Requirements for you to renew or extend	Section II.B	Not be in default, have satisfactory inspections, give written notice, sign new Franchise Agreement, pay renewal fee, sign general release, upgrade restaurant as required
d. Termination by you	Section XIX.C	Only in the event of material breach which is not cured after notice
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section XIX	We can terminate if you default.
g. "Cause" defined- defaults which can be cured	Section XIX.B	24 hours after notice to cure for danger to public health; 5 days after notice to cure for nonpayment; 30 days after notice to cure: failure to operate; failure to open; failure to complete training; failure to comply with laws; failure to comply with other terms of Franchise Agreement; failure to pay others; default under lease/sublease; transfer without consent; loss of location.

h.	“Cause” defined- defaults which cannot be cured	Section XIX.A	Bankruptcy; abandonment; misrepresentation; foreclosure; criminal misconduct; repeated failure to comply
i.	Your obligations on termination/non-renewal	Section XX; (also Confidentiality Non-Disclosure and Non-Competition Agreement)	Complete de-identification; return Manuals, materials, and specialized cooking equipment; pay all amounts due
j.	Assignment of contract by us	Section XV.A	We can freely assign.
k.	“Transfer” by you – definition	Section XV.B	Includes transfer of interest in Franchised Business or in Business Entity
l.	Our approval of transfer by franchisee	Section XV.B	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	Section XV.B	Full compliance; transferee qualifies; all amounts due are paid in full; completion of training; transfer fee paid; transferee agrees to be bound by the terms of the Franchise Agreement; you execute or deliver other required documents, including release.
n.	Our right of first refusal to acquire your business	Section XV.D	We can match any offer.
o.	Our option to purchase your business	Section XX.C	Option to purchase all disposable items containing Proprietary Marks.
p.	Your death or disability	Section XV.B	Franchise or ownership interest must be assigned to an approved buyer within 9 months.
q.	Non-competition covenants during the term of the franchise	Section XVII.B (also Section 11, Confidentiality, Non-Disclosure & Non-Competition Agreement)	No involvement with a competing business.

r.	Non-competition covenants after the franchise is terminated or expires	Section XVII.B (also, Section 11, Confidentiality, Non-Disclosure and Non-Competition Agreement)	No involvement in competing business for 2 years, within 10 miles of any ROTELLI restaurant
s.	Modification of the Agreement	Section XXI.D	N/A
t.	Integration/merger clause	Section XXII.D	Only the terms of the Franchise Agreement are binding. Any other promise may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section XXII.K	Except for certain claims, all disputes must be arbitrated in Florida (subject to state law).
v.	Choice of forum	Section XXII.M	Arbitration and litigation in Florida (subject to state law).
w.	Choice of Law	Section XXII.L	Florida law applies (subject to state law).

These states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise rights: ARKANSAS [Stat. Section 70807], CALIFORNIA [Bus. & Prof. Code Sections 2000020043], CONNECTICUT [Gen. Stat. Section 42133e et seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/19 and 705/20], INDIANA [Stat. Section 2322.7], IOWA [Code Sections 523H.1523H.17], MICHIGAN [Stat. Section 19.854(27)]; MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 752451], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87401], NEW JERSEY [Stat. Section 56:101], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.155757413.1564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03].

These and other states may have court decisions, which may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise rights. We provide you these references solely for informational and disclosure purposes and such references should not be construed as acknowledgement by us that any law applies to our relationship other than Florida law. We will seek to apply Florida law to the fullest extent possible in any dispute with you arising under your Franchise Agreement.

Item 18

PUBLIC FIGURES

At this time, we do not use any public figure to promote our franchises.

Item 19

EARNINGS CLAIMS

We do not furnish or authorize our independent contractors, salespersons or staff to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of a Franchised Business. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise. We have specifically instructed sales personnel, agents, employees, and officers that they are not permitted to make claims or statements as to earnings, sales, profits or prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to any particular Franchised Business. You should not rely on unauthorized representations as to earnings, sales, profits or prospects or chances of success.

Item 20

LIST OF OUTLETS

As of the date of this Offering Circular, we have forty-six (46) franchise agreements in effect. There has been one (1) transfer, five (5) cancellations, zero (0) terminations, zero (0) non-renewals, zero (0) reacquisitions, or two (2) other departures from our System since its inception.

Exhibit "E" is a list of Franchise Outlets as of the date of this circular or later.

FRANCHISED STORE STATUS SUMMARY FOR YEARS ENDING

December 31, 2004/2003/2002

State	Transfers			Cancelled or Terminated			Not Renewed			Reacquired by Franchisor			Left the System/Other			Total from left columns			Franchisees operating at end of above specific term		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0
California	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0
Florida	1	0	0	0	1	0	0	0	0	1	0	0	1	0	0	3	1	0	2	1	1
Illinois	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	1	1
Ohio	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	2	1
Pennsylvania	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	7	5
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0

recently completed fiscal year or who have not communicated with the Franchisor within 10 weeks of the application dates is as follows:

<p>Michael Malone Signed 4/2002 Franchisee requested refund for economic reasons 9/2002 3473 Germantown Pk. Collegeville, PA 610-489-7600</p>	<p>C.R.E.A.M, Inc. Signed 4/2002 Franchisee requested refund for economic reasons 12/2002 Trevor McGuire 704-649-4937 Scott Petnode 704-439-0043 Charlotte, NC</p>
<p>Migual Gattas Signed 6/2003 Franchisee requested refund due to inability to acquire appropriate visa 3/2004 1840 NW 72nd Way Pembroke Pines, FL 33024 954-322-4140</p>	<p>Richard and Lillian Longo Signed 7/2003 Franchisee requested refund for economic reasons 7/2004 1503 Milan Ave. Pittsburgh, PA 15226-1930</p>
<p>Levtee Enterprises, Inc. #502 Opened 12/2000 Franchisee requested termination due to change from quick service to full service concept 1/31/02 21 W. Las Olas Blvd. Ft. Lauderdale, FL 33301 954-527-1414</p>	<p>R.P.P. Geneva, LLC GENEVA #529 Opened May, 2004 Restaurant Closed for economic reasons 10/2004 1002 Commons Drive Geneva, IL 60134 630-262-8200</p>
<p>WC Holdings, LLC Restaurant #525 Opened 5/2004 Franchisee closed due to business 10/2004 1551 N. Columbia Street Milledgeville, GA 31061 404-406-1108</p>	

Item 21

FINANCIAL STATEMENTS

Exhibit "D" is an un-audited financial statement.

Item 22

CONTRACTS

A copy of the Franchise Agreement, together with all exhibits (Exhibit "A" - Location Designation, Exhibit "A-1" - Location Acceptance Form, Exhibit "B" - Agreement with Landlord, Exhibit "C" - Bookkeeping Services and Direct Debt Authorization, Exhibit "D" - Security Agreement, Exhibit "E" - Assignment of Franchise Agreement, Exhibit "F" - Business Entity Information, Exhibit "G" - Guaranty and Assumption of Obligations, Exhibit "H" - Confidentiality, Non-Disclosure and Non-Competition Agreement) is attached as Exhibit "A" to this Offering Circular.

Item 23

RECEIPT

Two copies of an acknowledgment of your receipt of this Offering Circular appear as the last pages to this Offering Circular. Please return one copy with the appropriate information completed per applicant to us and retain the other copy for your records.

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