



VILLA PIZZA, LLC
INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION

* * * * *

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.

ISSUANCE DATE: _____

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

FRANCHISE OFFERING CIRCULAR



VILLA PIZZA, LLC
a Delaware limited liability company
25 Washington Street
Morristown, NJ 07960
(973) 285-4800

cozzoli's
pizzeria
"for the slice of your life"

The franchise offered is for a Villa Pizza restaurant or a Cozzoli's restaurant, both of which feature pizza, pasta and other Italian menu items.

The standard initial franchise fee is \$25,000, plus an additional \$35 - \$250 for a dough mold. Additionally, if we negotiate your lease you may be required to pay a Lease Negotiation Fee between \$0 and \$50,000. [This amount excludes any Lease Deposits (see Items 5 & 7)]. The estimated initial investment for a food court restaurant is \$161,950 to \$402,000, and for an in-line restaurant is \$248,950 to \$822,000. (See Item 7).

Risk Factors:

1. THE FRANCHISE AGREEMENT STATES THAT NEW JERSEY LAW GOVERNS THE AGREEMENT, EXCEPT FOR APPLICABLE FRANCHISE LAWS OF OTHER STATES. NEW JERSEY LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
2. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE THE FRANCHISOR ONLY IN THE STATE OR FEDERAL COURTS OF NEW JERSEY (MORRIS COUNTY OR NEWARK VICINAGE). OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE IN NEW JERSEY THAN IN YOUR HOME STATE.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

NOTE: THE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS. SEE EXHIBIT H.

Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

The states listed in Exhibit A may require registration or filing of this franchise offering. If this offering is registered in any of these states, the effective date of the registration is disclosed in Exhibit I. Some of these states may require different or additional disclosures (see Exhibit H) or revisions to the agreements (see Exhibit I).

Registration of this franchise with 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 or your state authority listed in Exhibit A.

TABLE OF CONTENTS

	<u>Page</u>
ITEM 1 THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES	2
ITEM 2 BUSINESS EXPERIENCE	4
ITEM 3 LITIGATION	5
ITEM 4 BANKRUPTCY	5
ITEM 5 INITIAL FRANCHISE FEE	5
ITEM 6 OTHER FEES	7
ITEM 7 INITIAL INVESTMENT	9
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
ITEM 9 FRANCHISEE'S OBLIGATIONS	17
ITEM 10 FINANCING	19
ITEM 11 FRANCHISOR'S OBLIGATIONS	19
ITEM 12 TERRITORY	23
ITEM 13 TRADEMARKS	24
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	25
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	26
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	26
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	27
ITEM 18 ARRANGEMENTS WITH PUBLIC FIGURES	31
ITEM 19 EARNINGS CLAIMS	31
ITEM 20 LIST OF OUTLETS	32
ITEM 21 FINANCIAL STATEMENTS	46
ITEM 22 CONTRACTS	46
ITEM 23 RECEIPT	46

EXHIBITS

A.	LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS
A-1.	LIST OF FRANCHISE BROKERS
B.	VILLA PIZZA FRANCHISE AGREEMENT
B-1.	CONDITIONAL ASSIGNMENT OF LEASE (Also an exhibit to Franchise Agreement)
B-2.	CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (Also an exhibit to Franchise Agreement)
B-3	SBA AMENDMENT TO FRANCHISE AGREEMENT
B-4	DEPOSIT AGREEMENT
C.	SUB-LEASE AGREEMENT
D.	TABLE OF CONTENTS OF OPERATIONS MANUAL
E-1.	LIST OF CURRENT VILLA PIZZA FRANCHISEES
E-2.	LIST OF CURRENT COZZOLI'S FRANCHISEES
F-1.	LIST OF FORMER VILLA PIZZA FRANCHISEES
F-2.	LIST OF FORMER COZZOLI'S FRANCHISEES
G.	FINANCIAL STATEMENTS
H.	REGISTRATION STATE DISCLOSURE ADDENDA
I.	RIDER TO STATE FRANCHISE AGREEMENT
J.	RECEIPT

ITEM 1
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The franchisor is Villa Pizza, LLC and is referred to in this offering circular as the “Franchisor” “us” or “we”. The person who buys a franchise is referred to in this offering circular as “you.” If you are a corporation, limited liability company, partnership, or any other type of legal entity, the provisions of the agreements described in this offering circular also apply to your owners by virtue of our requirement that all your owners personally guarantee, and be personally bound by, your obligations under the agreements.

The Franchisor is a Delaware limited liability company formed on January 7, 1999. Wishwell International, Inc., a New Jersey corporation, is our Manager. We conduct business under our corporate name and the names “Villa Pizza,” “Villa Pizza Express,” “The Villa Co.,” “Café Villa,” “Villa Pizza Cucina,” “Villa Pizza Cucina Italiana,” “Villázso,” “Villa Fresh Italian Kitchen,” and “Cozzoli’s Pizza” (collectively, the “Villa Marks”). Our principal business address and that of our Manager is 25 Washington Street, Morristown, New Jersey 07960. Our agents for service of process are listed in Exhibit A.

We offer franchises for Villa Pizza restaurants and Cozzoli’s restaurants. We first offered franchises for Villa Pizza restaurants and Cozzoli’s restaurants in October 1999. We do not operate any Villa Pizza restaurants or Cozzoli’s restaurants, but our affiliates operate restaurants as described below. We offer to qualified persons the right to own and operate a Villa Pizza restaurant or a Cozzoli’s restaurant at an agreed upon location under our standard form franchise agreement (the “Franchise Agreement”). A copy of the Franchise Agreement is attached to this offering circular as Exhibit B. We will specify in Exhibit A to the Franchise Agreement the primary proprietary mark(s) that we will license to you to operate your restaurant (the “Licensed Marks”).

Our Business

We are engaged only in business activities that relate to Villa Pizza restaurants and Cozzoli’s restaurants. Villa Pizza restaurants and Cozzoli’s restaurants both feature a limited menu of pizza, pasta, calzones, stuffed pizza, hot sandwiches, Italian specialties, desserts, and other menu items we authorize. We and our affiliates have developed and own a comprehensive system for the establishment and operation of the restaurants, including distinctive exterior and interior design, decor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance and advertising and promotional programs (collectively, the “System”), all of which we may improve, further develop or otherwise modify from time to time.

The restaurants are generally located in shopping mall food courts where they may take advantage of a high volume of people and cater to both lunch and dinner. We, or an affiliate, may establish leasehold corporations to enter into leases for restaurant locations from shopping mall owners. These leasehold corporations may then sublease the locations to individual franchisees. A copy of our standard form of Sub-Lease Agreement is attached to this offering circular as Exhibit C.

We have also entered into two co-branded licensing arrangements with Instant Replay, Inc. under the name “Instant Replay - Villa Pizza”. This restaurant concept offers Villa Pizza food in a sports lounge setting. These units are currently limited to the State of Nevada.

We have not offered franchises in any other line of business.

You should consider that certain aspects of any restaurant business are regulated by federal, state and local laws, rules and ordinances in addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of such laws impose limits on emissions resulting from commercial food preparation.

The market is well developed. You will have to compete with other individually owned as well as other franchised businesses offering similar type products and services in the general vicinity of your operating premises.

Our Predecessors

We have two predecessors, Villa Pizza, Inc. ("Our Predecessor") and Villa Holding, LLC ("Villa Holding").

Our Predecessor first began offering franchises in February 1997. Our Predecessor reorganized under the name Villa Pizza, LLC in January 1999. Before the reorganization, Our Predecessor's principal place of business was the same as ours. Our Predecessor never operated businesses of the type franchisees operate.

Villa Holding owns the proprietary marks and certain trade secrets and other proprietary information necessary for the operation of Villa Pizza restaurants and Cozzoli's restaurants which we will license to you under the Franchise Agreement. Villa Holding may, therefore, be deemed to be Our Predecessor. Villa Holdings' principal place of business is the same as ours. Villa Holding has never offered franchises in any line of business or operated a business of the type franchisees operate.

Cozzoli Pizza Systems, Inc. - Our Affiliate(s)

Our affiliate, Villa Enterprises Management Ltd., Inc., ("Villa Management") and its affiliates and predecessors have owned and operated Villa Pizza restaurants since 1964. Villa Management's principal business address is the same as ours. Villa Management has not offered franchises in any line of business.

Our affiliate, Cozzoli Pizza Holding, LLC ("CPH"), acquired the rights and obligations from Cozzoli Pizza Systems, Inc. as franchisor under certain existing Cozzoli's franchise agreements in June 1999. CPH's principal business address is the same as ours. CPH has never offered franchises in any other line of business or operated a business of the type franchisees operate.

Except as described above, none of our predecessors or affiliates has offered franchises in any other lines of business. We, or an affiliate, may establish leasehold corporations that may enter into primary leases for restaurants and sublease the premises to you. None of these affiliates offers or has offered franchises in any line of business or has operated businesses of the type franchisees operate. We have no other affiliates that provide products or services to our franchisees.

ITEM 2
BUSINESS EXPERIENCE

President and Director: Biagio Scotto

Biagio Scotto has served as President and Director of the Wishwell International, Inc., the Manager of the Franchisor since its inception in January 1999. From February 1997 to January 1999, he was President and Director of Our Predecessor in Morristown, New Jersey. Mr. Scotto has served as President and Director of Villa Management since June 1983. Mr. Scotto also serves in similar positions and performs similar functions for other entities owned or affiliated with Villa Management.

Executive Vice President and Director: Anthony Scotto

Anthony Scotto has served as Executive Vice President and Director of Wishwell International, Inc., the Manager of the Franchisor since its inception in January 1999. From February 1997 to January 1999, he was the Vice President and Director of Our Predecessor in Morristown, New Jersey. Mr. Scotto has served as Vice President and Director of Villa Management since July 1991. Mr. Scotto also serves in similar positions and performs similar functions for other entities owned or affiliated with Villa Management.

Secretary and Director: Biagio Pugliese

Mr. Pugliese has served as Secretary and Director of Wishwell International, Inc., the Manager of the Franchisor since its inception in January 1999. From February 1997 to January 1999, he served as Secretary and Director of Our Predecessor in Morristown, New Jersey. Mr. Pugliese has served as Secretary and Director of Villa Management since March 1980. Mr. Pugliese also serves in similar positions and performs similar functions for other entities owned or affiliated with Villa Management.

Vice President of Business Development: Adam Torine

Mr. Torine has served as Director of Business Development and Marketing of Villa Management since June 1997. From November 1996 to May 1997 he was Director of Marketing and Recruiting of Villa Management. He served as Director of Marketing of Villa Management from June 1994 to November 1996. Mr. Torine also serves in similar positions and performs similar functions for other entities owned or affiliated with Villa Management.

Director of Franchise Operations: Nick Valavanis

Mr. Valavanis has served as Director of Franchise Operations since January 2005; prior to January 2005, he served as Franchise Operations Manager of Villa Management from April 2002. From June 1999 to March 2002 he was District Manager for Villa Management. From July 1997 to May 1999, he was owner of Spaghetti Jacks, a restaurant located in Pewaukee, Wisconsin. Prior to that, from October 1995 to May 1997, he was an Area Training Director for Sbarro Inc., located in Pewaukee, Wisconsin.

Director of Franchise Development: Dave Ron

Mr. Ron became the Director of Franchise Development of Villa Enterprises Management on October 17, 2005. From January 2001 until September 2005, he was the Franchise Manager of Dunkin'

Brands covering the New York, New Jersey, and Maryland regions. Prior to that, 1998 – 2001, he was the Director of Franchise Development for Restaurant Systems International, Inc. During the years of 1994 – 1998, he served as the Regional Manager/Business Consultant for the same company.

Franchise Broker: Merrill I. Lamb

Since January 2002, Mr. Lamb has served as an independent franchise broker located in Miami, Florida. Mr. Lamb served as our Vice President, Real Estate and Franchising of Villa Management from June 1999 until December 2001. From 1982 until December 2001, he also served as President of Cozzoli's Pizza Systems, Inc. in Miami, Florida.

Franchise Broker: The Business Alliance, Inc.

The Business Alliance, Inc. is a Georgia Corporation incorporated in 1999. Its principal place of business is 100 Hartsfield Centre, Suite 500, Atlanta, Georgia, 30354, and its telephone number is 404-763-2244. The Business Alliance, Inc. is a national franchise referral company. (See Exhibit A-1 for a list of its broker network).

Franchise Broker: Sunbelt New England

Sunbelt New England is a part of Sunbelt Business Advisors, an international network of seasoned professionals who provide expert acquisition and divestiture services for business buyers and sellers. Sunbelt Business Advisors was started in 1981 and has grown today to over 300 domestic and international offices located in 14 countries. Sunbelt of New England covers most of Massachusetts and the states of Rhode Island, Maine, New Hampshire, and Vermont.

**ITEM 3
LITIGATION**

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

**ITEM 4
BANKRUPTCY**

No person previously identified in Item 1, nor any officer identified in Item 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

**ITEM 5
INITIAL FRANCHISE FEE**

We charge franchisees a standard initial franchise fee of \$25,000.00 upon execution of the Franchise Agreement for the first Villa Pizza or Cozzoli's restaurant. During our last fiscal year, the initial fee ranged from \$0 (in special circumstances) to \$25,000.

If you have not signed the necessary lease documentation within nine months after signing the Franchise Agreement, you or we may terminate the Franchise Agreement. In that event, we will refund 20% to 100% of the initial franchise fee depending on the costs and expenses we have incurred as long as

20% to 100% of the initial franchise fee depending on the costs and expenses we have incurred as long as you and your owners sign a general release satisfactory to us. If you fail to open the restaurant within six months after taking possession of the site (or a different date if specified in the lease), we may terminate the Franchise Agreement. In that event we will refund 20% to 100% of the initial franchise fee depending on the costs and expenses we have incurred in connection with the franchise as long as you and your owners sign a general release satisfactory to us. There are no refunds under other circumstances.

You may make an initial deposit in the sum of \$5,000 (or 10% of the purchase prices if you are buying one of our company restaurants) for a single franchise restaurant location. A copy of the Deposit Agreement is included as Exhibit B-4 to this Offering Circular. If we accept the deposit and we both sign the Deposit Agreement you may purchase a Franchise under the terms available at the time the deposit is made. The deposit will be applied to the initial Franchise Fee if the franchise is purchased within ninety (90) days from the date the deposit is accepted.

If you do not purchase a franchise (or complete the purchase of one of our available for sale company restaurants) with the ninety (90) day period we will refund fifty (50%) percent of the initial deposit within ten (10) days from the expiration of the ninety (90) day period. The deposit is applicable to the purchase by the depositing Party only, and is not assignable.

Before opening a Villa Pizza or Cozzoli's restaurant, you must purchase a dough mold from us at our cost, which currently ranges from \$35 to \$250, plus shipping and handling. These amounts are nonrefundable. If you sublease the Premises from us or our affiliate, you also must pay a lease deposit before opening for business. We estimate that lease deposits will range from \$2,500 to \$10,000 depending upon the location and other factors. If we or our affiliate negotiates a lease for the restaurant on your behalf, which lease, in Villa's reasonable judgment, would be acceptable for the operation of a Villa restaurant, we may charge you a lease negotiation fee, which currently ranges from \$0 to \$50,000 depending on the location and extent of negotiations.

When submitting your site layout and working drawing implementing our plans and specifications for your Villa Pizza or Cozzoli's restaurant, you must pay us a non-refundable Plan Compliance Fee of \$2,000.

Franchise Fee Incentive Program for Multi Unit Franchisees

For an existing Franchisee purchasing an additional franchise, you will be eligible for the following Multi Unit discount:

2 nd Franchise Location	20% discount on the then current initial franchise fee
3 rd Franchise Location	25% discount on the then current initial franchise fee
4 th Franchise Location	30% discount on the then current initial franchise fee
5 th or more Franchise Location	50% discount on the then current initial franchise fee

The discount program does not apply to transfers. We also reserve the right to discontinue this program at any time.

**ITEM 6
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS¹
Continuing Royalty ^{2a}	6% of your gross revenues ³	Weekly, by Tuesday of each week	We may offer a credit on continuing Royalty Fees of up to \$2,500 for new Franchisee sponsorships ^{2b}
Local Advertising Fee ⁴	1% of your gross revenues each calendar quarter	As incurred	
Advertising Fund Contribution ⁵	1% of your gross revenues	Weekly, by Tuesday of each week	We may furnish you with marketing, advertising and promotional materials at cost, plus any related administrative, shipping, handling and storage charges.
Transfer Fee ⁶	\$7,500	Upon transfer of the franchise	
Sales commission	8% of the gross selling price of the restaurant, the franchise, and all related assets	Upon transfer of the franchise	Payable if Franchisor obtains the purchase for your restaurant
Renewal Fee	50% of the then current initial franchise fee	Before renewal	
Interest on Late Payments	Highest rate of interest permitted by law not to exceed 1.5% per month	Immediately	This interest rate applies to any money you owe us after the due date and the interest will be charged until the amounts are paid in full. Interest is in addition to any late fees and service charges.
Service Charges and Late Fees ⁷	\$50 for late payments and NSF checks	Upon demand	
Audit	Will vary under circumstances	15 days after billing	If an audit reveals an understatement of gross revenues of 2% or more, you must reimburse us for the cost of the audit, including travel expenses, room and board, and compensation of the independent accountant and employees of the Franchisor
Insurance	Will vary under circumstances	As incurred	If you fail to obtain the required insurance coverage for your

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS ¹
			restaurant, we may obtain the coverage at your expense
Initial Training	No charge for the first 4 people; thereafter \$100 for each person in excess of 4, per day	30 days after billing	There is no charge for 4 people to attend initial training. For each additional person we will charge this fee. You also must pay all personal expenses including travel, food, and lodging costs
Additional Assistance ⁸	\$100 for each person per day	30 days after billing	We reserve the right to charge for additional assistance and ongoing training.
Supplier Approval Charge	Will vary under circumstances	30 days after billing	The charge will not be more than the cost of the inspection and testing
Attorneys' Fees and other costs	Will vary under circumstances	As incurred	You must pay all costs reasonably incurred in enforcing the Franchise Agreement, defending and/or settling matters other than liabilities caused by the Franchisor's own gross negligence or willful action.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your franchise operations
Monthly Intranet Service Provider Fee	Currently \$9.95/month ⁹	as incurred	You pay us the monthly fee billed to Us for Your monthly usage by Our intranet service provider ⁹
Plan Compliance Fee ¹⁰	\$2,000	10 days from notice	See Note 10

NOTE 1: All fees are collected, imposed, and payable to us. All fees are nonrefundable.

NOTE 2a: If Royalty fees and/or Advertising Fund contributions are not paid when due, the Franchisor has the right to deduct from the franchisee's account an amount equal to the required Royalty fee and/or Advertising Fund contribution. This amount is based on the average weekly gross revenues attained by the franchisee during the previous one-year period or, if the franchisee's restaurant has not been open for a full year, during such period as the restaurant has been open.

NOTE 2b: We currently have a new Franchisee Sponsorship Program that allows you to receive a check for Two-Thousand-Five Hundred (\$2,500) Dollars when you sponsor one new Franchisee who we approve in our sole and absolute discretion as a Franchisee and who executes our then current Franchise Agreement and all other required franchise documents within twelve (12) months of the date you refer the prospect to us. To qualify, the prospect must not have

previously contacted us about a franchise nor ever been a sponsored prospect before or who owns or shares ownership in an existing restaurant and after executing our Franchise Agreement and other related documents the Franchisee you referred must open the franchise restaurant for business. This sponsorship program only applies to the In-Line Restaurant described in Item 7. We reserve the right to discontinue this program at anytime, however, we will honor any sponsorship made during the existence of the program.

- NOTE 3: The term “gross revenues” means total revenues from sales made in or through the restaurant, less sales tax required by law.
- NOTE 4: Advertising expenditures include amounts contributed to any Advertising Fund we may establish amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, and flyers. Advertising expenditures do not include amounts spent for items which the Franchisor deems inappropriate for meeting the minimum advertising requirement, including permanent on-premises signs, lighting, delivery vehicle storage, premiums, discounts, and employee incentive programs.
- NOTE 5: We currently do not impose this fee, as we have not yet established the Advertising Fund. Once established, this weekly advertising fee may be raised an additional 2% for a total of 3% by a majority vote of all franchisees.
- NOTE 6: If the Franchisor exercises its right to purchase, the transfer fee will be waived. No transfer fee will be charged if the franchisee transfers its interest to a relative or heir.
- NOTE 7: The Franchisor has the right to assess service charges for any checks that are returned for insufficient funds and late charges if permitted by applicable law.
- NOTE 8: The Franchisor will not charge you for operating assistance unless you fail to comply with any provision of the Franchise Agreement, or fail to maintain the standards of quality we set. In those circumstances, we have the right to assign a person to your restaurant to train your employees, and to ensure the standards of quality and service are maintained. You are responsible for that person’s travel and living expenses. We also have the right to make reasonable charges for forms and other materials provided to you in connection with this assistance.
- NOTE 9: We have established an Intranet for Our Franchisees and You will be required to maintain user status on the Intranet which is currently with IFX International, Inc. You will pay Us monthly for Your user fee billed from the service provider which currently is approximately \$9.95 per month.
- NOTE 10: If you fail to properly engage an approved architect and engineer or submit for Our prior approval site layout and working drawings, we may, in our sole discretion, agree to review unapproved plans, layouts and drawings and charge a Plan Compliance Fee of \$2,000.

ITEM 7 **INITIAL INVESTMENT**

FOOD COURT LOCATION

The following chart provides an estimate of your initial investment for a Villa Pizza restaurant or a Cozzoli's restaurant located in a food court.

EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$25,000	Lump sum	Upon signing the Franchise Agreement	Franchisor
Opening Inventory	\$4,000 - \$7,500	Lump sum	Before opening	Various suppliers
Lease Deposit ²	\$2,500 - \$10,000	Lump sum	Upon signing the Lease	To us, our affiliate or Landlord
Lease Negotiation Fee ³	\$0 - \$50,000	Lump sum	Upon demand	To us or our affiliate
Utility Installation and Deposits ⁴	\$200 - \$2,000	As incurred	As incurred	Utility companies
Leasehold Improvements	\$75,000 - \$200,000	As incurred	As incurred	Contractors and suppliers
Advertising and Marketing	\$3,000	Lump sum	15 days before opening	Advertising agency
Insurance ⁵	\$1,200 - \$4,000	Lump sum	Before opening	Insurance broker or company
Office Equipment and Supplies	\$550 - \$1,500	As incurred	As incurred	Various suppliers
Equipment Package ⁶	\$40,000 - \$70,000	Lump sum	Before opening	Contractors and suppliers
Training Expenses ⁷	\$2,500 - \$4,000	As incurred	During training	Hotels, airlines, etc.
Professional Fees, Licenses & Permits ⁸	\$4,000 - \$15,000	As incurred	As incurred	Outside contractor
Additional Funds – (three months) ⁹	\$4,000 - \$10,000	As incurred	As incurred	Employees, suppliers, utilities, etc.

**TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs) ¹⁰:
\$161,950 to \$402,000.**

NOTE 1 If you do not sign the appropriate lease documentation within nine months after execution of the Franchise Agreement, you or we may terminate the Franchise Agreement, and related agreements, if any. In this event, we will refund the initial franchise fee, less the costs and expenses we incurred in connection with the search for a site, travel and living expenses and legal and other related expenses, as long as you and your owners sign a general release satisfactory to us.

If, for any reason, you have not opened your restaurant within six months after the date the site is available to you, (or a different date if specified in the lease), we may terminate your Franchise Agreement at any time thereafter and before the opening of the restaurant, by giving you written notice. If your Franchise Agreement is terminated in these circumstances, we will

refund the initial franchise fee, less the costs and expenses we incurred in connection with your franchise including expenses incurred in the search for a site, advertising and negotiating the lease for the restaurant, construction expenses, if any, and expenses incurred in training you and your employees, including travel and living expenses, compensation of our employees and other legal fees and expenses we have incurred, as long as you and your owners sign a general release satisfactory to us.

- NOTE 2 You will need to purchase or lease a site of approximately 600 to 900 square feet.
- NOTE 3 If the Franchisor, or one of its affiliates negotiates a lease for the premises on your behalf, which lease, in the Franchisor's reasonable judgment, would be acceptable for the operation of a Villa Pizza or Cozzoli's restaurant, you may have to pay the Franchisor a lease negotiation fee, which may include both legal costs (including time spent by in-house counsel) and brokerage fees.
- NOTE 4 This item does not include rent deposits for leased premises. In some areas, some utility companies do not require utility deposits. Where required, these deposits are generally refundable.
- NOTE 5 The insurance you must maintain is described in Item 8. Our estimate does not include other insurance policies you may have to maintain under the terms of your lease. The unearned portions of the insurance premiums are generally refundable.
- NOTE 6 This sum includes all necessary equipment and fixtures, signs, beverage systems, menu display boards, cash registers and related items.
- NOTE 7 Travel and living expenses while attending the Franchisor's training programs are not included in the fees you pay to the Franchisor. At the present time, we provide training of approximately three to five weeks duration in the Minnesota area and other certified training locations throughout the country, subject to change from time to time at our discretion. Hotel, food and local travel expenses range from about \$100 to \$200 per day.
- NOTE 8 This expense includes architectural fees, legal fees, accounting services, licenses, permits and administrative expenditures.
- NOTE 9 This is an estimate, based on our experience of opening and operating Villa Pizza restaurants, of your working capital requirements for the first three (3) months of operations. Working capital for the first three (3) months is estimated to range between \$4,000 and \$10,000 and includes general operating expenses, such as lease payments, inventory, payroll, payroll expenses, facility expenses, insurance, pest control, security, repairs and maintenance, and complimentary sales and other costs. These figures are estimates and we cannot assure you that you will not have additional expenses in starting the restaurant. Your actual cost will depend on factors such as your management skill, experience, and business acumen; local economic conditions; the local market for the restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for any debt service.
- NOTE 10 The total estimated initial investment does not include real estate and related costs.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

IN-LINE RESTAURANT

The following chart provides an estimate of your initial investment for an in-line Villa Pizza restaurant or a Cozzoli's restaurant.

EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$25,000	Lump sum	Upon signing the Franchise Agreement	Franchisor
Opening Inventory	\$4,000 - \$7,500	Lump sum	Before opening	Various suppliers
Lease Deposit ²	\$2,500 - \$10,000	Lump sum	Upon signing the Lease	Landlord
Lease Negotiation Fee ³	\$0 - \$50,000	Lump sum	Upon demand	To us or our affiliate
Utility Installation and Deposits ⁴	\$200 - \$2,000	As incurred	As incurred	Utility companies
Leasehold Improvements	\$150,000 - \$600,000	As incurred	As incurred	Contractors & suppliers
Advertising and Marketing	\$3,000	Lump sum	15 days before opening	Advertising agency
Insurance ⁵	\$1,200 - \$4,000	Lump sum	Before opening	Insurance broker or company
Office Equipment and Supplies	\$550 - \$1,500	As incurred	As incurred	Various suppliers
Equipment Package ⁶	\$50,000 - \$85,000	Lump sum	Before opening	Contractors & suppliers
Training Expenses ⁷	\$2,500 - \$4,000	As incurred	During training	Hotels, airlines, etc.
Professional Fees, Licenses & Permits ⁸	\$4,000 - \$15,000	As incurred	As incurred	Outside contractor
Additional Funds - (three months) ⁹	\$6,000 - \$15,000	As incurred	As incurred	Employees, suppliers, utilities, etc.

**TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs) ¹⁰:
\$248,950 to \$822,000.**

NOTE 1 If you do not sign the appropriate lease documentation within nine months after execution of the Franchise Agreement, you or we may terminate the Franchise Agreement, and related

agreements, if any. In this event, we will refund the initial franchise fee, less the costs and expenses we incurred in connection with the search for a site, travel and living expenses and legal and other related expenses, as long as you and your owners sign a general release satisfactory to us.

If, for any reason, you have not opened your restaurant within six months after the date the site is available to you, (or a different date if specified in the lease), we may terminate your Franchise Agreement at any time thereafter and before the opening of the restaurant, by giving you written notice. If your Franchise Agreement is terminated in these circumstances, we will refund the initial franchise fee, less the costs and expenses we incurred in connection with your franchise including expenses incurred in the search for a site, advertising and negotiating the lease for the restaurant, construction expenses, if any, and expenses incurred in training you and your employees, including travel and living expenses, compensation of our employees and other legal fees and expenses we have incurred, as long as you and your owners sign a general release satisfactory to us.

- NOTE 2 You will need to purchase or lease a site of approximately 1,200 to 3,000 square feet.
- NOTE 3 If the Franchisor or one of its affiliates negotiates a lease for the premises on your behalf, which lease, in the Franchisor's reasonable judgment, would be acceptable for the operation of a Villa Pizza or Cozzoli's restaurant, you may have to pay the Franchisor a lease negotiation fee, which may include both legal costs (including time spent by any in-house counsel) and brokerage fees.
- NOTE 4 This item does not include rent deposits for leased premises. In some areas, some utility companies do not require utility deposits. Where required, these deposits are generally refundable.
- NOTE 5 The insurance you must maintain is described in Item 8. Our estimate does not include other insurance policies you may have to maintain under the terms of your lease. The unearned portions of the insurance premiums are generally refundable.
- NOTE 6 This sum includes all necessary equipment and fixtures, signs, beverage systems, menu display boards, cash registers and related items.
- NOTE 7 Travel and living expenses while attending the Franchisor's training programs are not included in the fees you pay to the Franchisor. At the present time, we provide training of approximately three to five weeks duration in the Minnesota area and other certified training locations throughout the country, subject to change from time to time at our discretion. Hotel, food and local travel expenses range from about \$100 to \$200 per day.
- NOTE 8 This expense includes architectural fees, legal fees, accounting services, licenses, permits and administrative expenditures.
- NOTE 9 This is an estimate, based on our experience of opening and operating Villa Pizza restaurants, of your working capital requirements for the first three (3) months of operations. Working capital for the first three (3) months is estimated to range between \$6,000 and \$15,000 and includes general operating expenses, such as lease payments, inventory, payroll, payroll expenses, facility expenses, insurance, pest control, security, repairs and maintenance, and complimentary sales and other costs. These figures are estimates and we cannot assure you that

you will not have additional expenses in starting the restaurant. Your actual cost will depend on factors such as your management skill, experience, and business acumen; local economic conditions; the local market for the restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for any debt service.

NOTE 10 The total estimated initial investment does not include real estate and related costs.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

To ensure that uniform and high standards of quality and service are maintained, you must operate your restaurant in strict conformity with our methods, standards and specifications and you may purchase goods, services, supplies, fixtures, equipment and inventory only from suppliers we have approved ("Approved Supplier"). You must purchase a dough mold from us; and we can be an Approved Supplier for other items. The cost of equipment purchased in accordance with specifications represents between 25% and 35% of your total purchases in connection with the establishment of your restaurant. Currently, one of our affiliates may provide lease negotiation services and/or sublease the premises to you. We formulate and modify, at our sole discretion, specifications and standards we impose on franchisees and suppliers. Specifications and standards are issued to franchisees through the Operations Manual(s) and to suppliers by written agreement. We attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all Villa Pizza and Cozzoli's restaurants, including those owned by franchisees; however, all supplier discounts and rebates are our property and you may claim no rights thereto. We do not provide material benefits (e.g., renewal or additional franchises) to a franchisee based on his use of designated or Approved Suppliers. If you want to use another supplier, you must make a written request to us for approval, which approval will not be unreasonably withheld. You must obtain approval in writing.

There are no franchisee purchasing or distribution cooperatives.

Items We Supply or Derive Revenue From

Currently, you must purchase your dough mold from us at our cost, plus shipping and handling, in order to ensure uniformity. During our fiscal year ended December 2004, we derived revenues of \$1,500, or a de minimis percentage of our total revenues of \$1,226,607 from these purchases by franchisees. We estimate that your purchases of these items from us will represent a de minimis percentage of your total purchases and leases in opening and operating your restaurant. Neither we nor any of our affiliates derived revenues last year from any lease arrangements with franchisees. From time to time we collect monies for miscellaneous items. During the fiscal year ended December 2004 we derived revenues of \$5,000, or a de minimis percentage of our total revenues of \$1,222,607 from these miscellaneous purchases.

An Approved Supplier of beverage products has agreed, subject to certain conditions, to pay our affiliate, Villa Management, rebates based on purchases from company-owned Villa Pizza and Cozzoli's restaurants, as well as purchases from our Franchisees who choose to sell such supplier's beverage products exclusively. (Villa Management has agreed to sell such supplier's products exclusively through December 31, 2006 with respect to company-owned restaurants.) Under this program, Villa Management receives from this Approved Supplier: (1) rebate to be used for various marketing and promotional programs aggregating \$2.84 per gallon of post-mix products, of which we will remit to you \$1.09 per gallon with respect to your purchases, if you participate; (2) a price protection rebate equal to the amount, if any, by which gross weighted average national account prices increase by more than 3% over the prior year; (3) a \$2,000 vendor rebate for each new restaurant that sells the designated vendor's beverage products exclusively and remains open for a contractually agreed period, which rebate we will use in our discretion for marketing and grand opening support of your restaurant; (4) marketing support by the supplier valued at \$0.31 per gallon for post mix products; (5) growth incentive rebate of \$1.00 per gallon if post mix product purchases by the entire company-owned and franchise system exceed annual growth of 3% over the prior year; and (6) rebates of \$0.50 per case of packaged beverage products, which are to be used for certain marketing programs. Except as described above, Franchisees will not receive a portion of the rebates described in Nos. (2) and (5) above, because the amounts involved, if received at all, are so *de minimis*, that the accounting and calculation involved would be extremely difficult and costly. In addition, the rebates described in Nos. (4) and (6), above, will not be shared with our Franchisees, but will be used in their entirety to cover system-wide marketing expenditures. As noted above, under the Franchise Agreement, you have no contractual right to any of these rebates, and we may use them at our discretion.

Site Selection

You must select a site for your restaurant that conforms to our standard site selection criteria and which we accept or reject based upon our experience and expertise in operating Villa Pizza restaurants and Cozzoli's restaurants.

Lease of Premises

We have the right to approve the terms of any lease or sublease for the premises of your restaurant. Typically, one of our affiliates will execute a mutually satisfactory lease, and you may execute a sublease on substantially the same terms. Sometimes we may authorize you to execute a lease with the owner of the premises that is acceptable to both you and us, along with a conditional assignment of lease in favor of us or one of our affiliates. Any lease that you sign must be exclusively for the operation of a Villa Pizza or Cozzoli's restaurant, and must provide that upon termination or expiration of the franchise, for any reason, the Franchisor or one of its affiliates will have the right, but not the obligation, to assume the lease, and replace you as tenant. If we exercise that right, we will fully indemnify you from all liability for future rent and all other future obligations under the lease (though not from any liability for unpaid rent or any then-existing liabilities or obligations under the lease). You must agree to sign any documents required to assign the lease to us or our designee.

Development of the Premises

You are responsible for developing the restaurant and for all expenses associated with it. Promptly after obtaining possession of the site for the restaurant, you must obtain all required zoning changes, all required building, driveway, utility, health, sanitation and sign permits. You also must complete development of and have the restaurant ready to open and begin operations within a reasonable time, but not more than six months unless extended by us, or for a shorter or longer time period as specified in the lease, after you possess the site. We must inspect and approve your restaurant before opening.

Purchase or Lease of Equipment, Furniture, Fixtures and Signs

The equipment, furniture, fixtures, and exterior and interior signs required for the restaurant must conform to our specifications. Specifications may include minimum standards for delivery, performance, designs and appearance, and local zoning, sign and other restrictions. You may purchase or lease original and replacement equipment, furniture, fixtures and signs meeting our specifications from sources we have approved. You must notify us, before dealing with any sources which we have not previously approved, and we may require submission of sufficient specifications, photographs, drawings and/or information and samples to determine whether those items meet our specifications. We, at our sole option, may provide you with specifications and minimum standards for all or portions of the restaurant's construction, design and layout, which you must follow.

Food Products, Beverages, Supplies and Materials

Your restaurant may use and/or offer for sale only food products, beverages, ingredients, uniforms, packaging materials, menus, forms, labels and other supplies from suppliers we have approved in writing. If you want to purchase any items from a supplier other than us, or a supplier who we have not approved, you must submit to us a written request for approval, or request that the supplier does so. These requests must contain a covenant to conform, at all times, to our standards and specifications in effect from time to time.

We may require, as a condition of the supplier's approval, that our representative be permitted to inspect its facilities, and that it deliver samples, at our option, to us for testing. The samples must demonstrate, to our satisfaction, an ability to meet our standards and specifications. Either you or the supplier seeking approval must pay us a charge, to be not more than the cost of the inspection and testing, and we will not be liable for damage to any sample that may result from the testing process.

The supplier must also demonstrate to us the existence of quality controls, and the financial and managerial capacity to supply your needs promptly and reliably. We reserve the right, and the supplier must agree, as a condition to our approval, at our option, to allow us to re-inspect the facilities and to retest the products at any time, without prior notice and without liability, and regardless of any contractual arrangement between you and the supplier. We generally will notify you of our approval or disapproval of a supplier you propose within 30 days after you submit the necessary information to us. We may revoke our approval if the supplier has failed to continue to meet any of our criteria.

We reserve the right to be either the sole source of supply, or the sole designator of suppliers who will provide food products, ingredients or mixes involving trade secrets, confidential formulae or confidential recipes. We will have no obligation to release any trade secret, confidential formulae or confidential recipe to you or any other supplier. We have the right to profit from those sales.

Specifications, Standards and Procedures

You agree to operate the restaurant exclusively as a Villa Pizza restaurant or Cozzoli's restaurant, in strict conformity with the Operations Manual, and not to engage in any other type of business at the franchised location. You must equip, maintain, staff and operate the restaurant strictly in accordance with the methods, procedures and techniques we, from time to time, establish in the Operations Manuals or otherwise. You must maintain the restaurant, and its appearance, in a clean and orderly manner, consistent with the operation of a quality Villa Pizza restaurant or Cozzoli's restaurant, and in accordance with our directives, which we deem necessary to protect the standards of quality and uniformity we establish for the

System. You also must conform to all standards of quality and service that we prescribe, to sustain the good will and prestige that the proprietary marks enjoy with the public.

We reserve the right, in our sole discretion, to modify our System, including the adoption and use of new or modified logos, trade names, service marks or copy-righted materials, new food items, new products, new techniques or new equipment. You recognize Our right to make any such modifications or changes and agree to accept, implement, use and display such changes and modifications at Your expense. You agree that You will make all changes or modifications that We may require, within a reasonable time after notice from us.

Advertising by Franchisee

You may not engage in any advertising program or use any other advertising, including local advertising placed on television, print or any other media, or prepare or use any marketing materials, unless we have approved it in writing.

Insurance

You must maintain in force: (a) all risk property insurance on contents including improvements and betterments in amount equal to 100% replacement value; (b) commercial general liability insurance, to include personal injury, products liability and employers non-ownership automobile coverage (\$2,000,000 general aggregate limit, \$2,000,000 products completed operations aggregate limit, \$10,000 medical expense limit, \$1,000,000 personal and advertising injury; \$1,000,000 per occurrence); (c) liquor law legal liability, if the restaurant sells alcoholic beverages (\$1,000,000); (d) sign coverage for value of sign; (e) workers' compensation and employers' liability (\$1,000,000 each accident, disease and employee); (f) loss of income insurance (in an amount sufficient to cover the royalty and advertising fees due under the Franchise Agreement, for a period of at least six months); and (g) rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or Merchants' Association under the lease, if any, during any period of business interruption or inability to operate the restaurant) or such greater amounts of insurance as required by the lease for the restaurant. All insurance policies must be issued by carriers we have approved and who are authorized to do business in the state where the restaurant is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time, must name us and our affiliates as additional insureds, must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Computer Equipment

You must purchase or lease a computer or electronic cash register, but we do not specify the brand or model. You may not use any hardware and/or software in the operation of the restaurant without the Franchisor's prior approval, which approval will not be unreasonably withheld. (See Item 11).

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table states your principal obligations under the Franchise Agreement and Sub-Lease Agreement. It will help you find more detailed information about your obligations in the agreements and in other items of this Offering Circular.

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
a. Site selection and acquisition/lease	§3; Sub-Lease Agreement in its entirety	Items 8 and 11
b. Pre-Opening purchases/leases	§§3, 4; Sub-Lease Agreement in its entirety	Items 6,7, 8 and 11
c. Site development and other pre-opening requirements	§§4, 5	Items 7, 8 and 11
d. Initial and ongoing training	§7	Items 6,7 and 11
e. Opening	§3	Items 7 and 11
f. Fees	§§19, 20, 21, 35, 42; § 7 of Sub-Lease Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	§§4, 9, 13	Items 8 and 11
h. Trademarks and proprietary information	§§16, 17, 18	Items 13 and 14
i. Restrictions on products/services offered	§22	Items 8 and 16
j. Warranty and customer service requirements	§9	Item 8
k. Territorial development and sales quotas	N/A	N/A
l. Ongoing product/service purchases	§22	Item 8
m. Maintenance, appearance and remodeling requirements	§6	Item 8
n. Insurance	§15	Items 6,7 and 8
o. Advertising	§21	Items 6,7,8 and 11
p. Indemnification	§41	Item 6
q. Owner's participation/management/staffing	§§8, 14, 40	Item 15
r. Records/reports	§§10, 11, 12, 43(m)	Item 8
s. Inspections/Audits	§23	Item 6
t. Transfer	§§28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38; §9(e) of Sub-Lease Agreement	Items 6 and 17
u. Renewal	§2	Item 6 and 17
v. Post termination obligations	§25; §11 of Sub-Lease Agreement	Item 17
w. Non-competition covenants	§§14, 27	Item 8 and 17

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
x. Dispute Resolution	§§43(e), 43(f), 43(h), 43(i); § 19 of Sub-Lease Agreement	Item 17
y. Release of Existing Liability	§43(j)	None

ITEM 10
FINANCING

We do not offer direct or indirect financing although we work with the Small Business Administration approved lenders “CIT” and “Popular Small Business Capital” and will work with You to help You process SBA funding through any approved lender. We do not guarantee your note, lease or obligation. While we may in the future lease sites to franchisees, we currently do not do so. We do not have a current form of lease.

ITEM 11
FRANCHISOR’S OBLIGATIONS

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

Pre-Opening Obligations

We will provide the following pre-opening assistance:

1. We will provide you with assistance in choosing and evaluating a location. (Franchise Agreement, Section 3);
2. We will also provide guidance to you in developing your restaurant. We will provide you with specifications for inventory and supplies, equipment, furniture, fixtures, and related elements of decor, and the exterior and interior signs required for the restaurant. (Franchise Agreement, Section 4);
3. We will provide initial training to you (or your principal owner) and your full-time Restaurant Manager. This training is described in detail later in this Item. (Franchise Agreement, Section 7);
4. We will loan to you a copy of our confidential Operations Manual (Franchise Agreement, Section 13). The table of contents is attached to this Offering Circular as Exhibit D.

Continuing Obligations

We will provide the following assistance during the operation of your restaurant:

1. We will provide the periodic operating assistance to you with regard to the System, including improvements and changes, that we determine are necessary. This assistance may include advice and guidance regarding hiring and evaluating personnel, food preparation and supplying menus and food recipes, preparation and requirements, advertising and

promotions, and evaluating and testing new food developments. [Franchise Agreement, Section 9(a)];

2. We may furnish, from time to time, other manuals, business information and literature as we determine will be helpful in improving the operation of the restaurant. [Franchise Agreement, Section 9(b)];
3. We will provide additional instructional and training materials that we determine may be helpful in improving the operation of your restaurant. [Franchise Agreement, Section 9(b)];
4. We, at our discretion, may administer an advertising fund (“the Advertising Fund”) for the development of advertising and related programs and materials. (Franchise Agreement, Section 21).

Computer Equipment

You must purchase or lease a computer or electronic cash register to track the food and beverage sales of your franchised business and may be used in tracking your inventory. We do not specify the brand or model. We may, in the future, however, require you to purchase, lease and/or license at your expense the computer hardware and software, required dedicated telephone and power lines, modems, printers, and other computer-related accessories or peripheral equipment as the Franchisor specifies from time to time, for the purpose of, among other functions, recording gross revenues and performing other management information and reporting functions. You may not use any hardware and/or software in the operation of the restaurant without the Franchisor’s prior approval, which approval will not be unreasonably withheld.

You must provide the assistance the Franchisor requires to connect your computer system with its computer system or the computer system of a third party data collection service we designate. The Franchisor may retrieve and use the data and information from your computer system as the Franchisor, in its sole discretion, deems desirable, and you must bear the cost of telephonic retrieval. In view of the contemplated interconnection of computer systems and the necessity that our systems be compatible with each other, you must purchase, lease and/or license any additional software or hardware necessary to complete the interconnection between your computer and our computer.

To ensure full operational efficiency and optimum communication capability between and among computer systems, you must, at your expense, keep your computer systems in good condition, and promptly install all additions, changes, modifications, substitutions or replacements to hardware, software, telephone and power lines, and other computer-related facilities, as the Franchisor directs.

Site Selection

Your selection of a site for your restaurant is subject to our acceptance. At our option, you must either sublease, on essentially the same terms, the location for which we or one of our affiliates have executed a mutually acceptable lease with the owner of the premises, or you must execute a lease with the owner of the premises that is acceptable to both you and us, along with a conditional assignment of the lease in favor of us or one of our affiliates. In approving a site, we consider a variety of factors including general location, size and physical characteristics of the site. We generally will notify you of our approval or disapproval of a site you select within 30 days after you submit the necessary information to us. If we are unable to decide upon a mutually acceptable location, we will not grant you a franchise.

Neither our site selection guidelines and requirements, our approval of the premises nor any information communicated to you about the premises will constitute a warranty or representation of any kind, express or implied, as to the suitability of the site for a restaurant. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise for a Villa Pizza restaurant or Cozzoli's restaurant, as applicable, at the site. You may not relocate your restaurant without first obtaining our written consent.

We estimate the time from the date you sign the Franchise Agreement to the date you open your restaurant to be between six and nine months. If you do not sign a lease for the selected site within nine months of signing the Franchise Agreement, you or we may terminate the Franchise Agreement. However, this time estimate may vary depending on numerous factors including location, acquisition or lease of a suitable site, construction schedules, and financing. If you will operate an in-line restaurant, you must begin construction of your restaurant within 45 days from the date of approval by appropriate authorities of the structural plans, and must fully complete the restaurant within 180 days after construction has begun, as long as you are not prevented from beginning construction or completing the restaurant within that time by the occurrence of war, strike, lockout, governmental regulation, fire, Act of God or other force of nature directly affecting your ability to perform. You agree to open and begin operation of your restaurant no later than 30 days following completion of your restaurant.

Training

Before opening your restaurant, you (or your principal owner) and the full-time Restaurant Manager must successfully complete an initial training program. We will train four people without charge, but we have the right to charge for additional people to attend initial training.

The initial training program consists of hands-on training covering all phases of restaurant operations, including food and inventory purchasing, food preparation, equipment operation and maintenance, relations with employees and customers, basic techniques of management and merchandising, and preparation of records and reports. The in-store training is usually conducted at a Villa Pizza restaurant in Mall of America, Bloomington, Minnesota or another certified training center in the U.S. for a period of time between three and five weeks, depending on the background and experience of the person being trained. Training is conducted according to our training schedule, which is usually monthly. Generally, training begins approximately five weeks before opening your restaurant, but it must be completed during the 30 days preceding the opening of your restaurant.

As of the date of this Offering Circular, training is conducted by our staff consisting of Villa Pizza restaurant management personnel. Our training is supervised by Ken Kuehn, who has 20 years of experience, and individual instructors generally have 3 to 15 years experience in restaurant operations.

You must replace any manager who fails to successfully complete a training program or who otherwise is not qualified to manage your restaurant. As described in Item 6, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred in connection with any training programs. Neither you nor your employees will receive any compensation from us for services performed during training.

Instructional materials for the initial training program include the Operations Manual, the Recipe Manual, standard forms, and training manuals. The subjects covered and approximate hours of on-the-job training are described below:

SUBJECT	HOURS OF ON-THE-JOB TRAINING	HOURS OF CLASSROOM TRAINING
Food and Inventory Purchases	6 hours	1 – 2 hours
Preparation and Service of Foods and Beverages	35 hours	1 – 2 hours
Operating of restaurant Equipment	35 hours	1 – 2 hours
Relations with Employees and Customers	15 hours	1 – 2 hours
Merchandising and Management Skills	35 hours	1 – 2 hours
Preparation of Records and Reports	7 hours	1 – 2 hours

You (or your principal owner), or your Restaurant Manager and any replacement Restaurant Managers must attend additional training programs, sales meetings, operations meetings and conventions that we specify. You will be responsible for all expenses you and your employees incur when attending these programs and meetings. In addition to training programs, we will provide additional assistance at your request. We reserve the right to charge you for the additional assistance as described in Item 6. In addition, you must provide for your own transportation, housing and living expenses if required.

Advertising

We may, in our sole discretion, establish and administer the Advertising Fund for the creation and development of marketing, advertising and related programs and materials. Currently, the Advertising Fund is not operating and there is no required weekly contribution. Once established, you must contribute to the Advertising Fund the amount we determine (See Item 6). Restaurants which we and our affiliates own are not required to contribute to the Advertising Fund. Some third party vendors may contribute advertising allowances to the Advertising Fund. The Advertising Fund will not spend any money on advertising that is principally a solicitation for the sale of franchises. We will maintain separate Advertising Funds for Villa Pizza and Cozzoli's restaurants.

We will have sole discretion over all aspects of programs financed by the Advertising Fund, including national or regional media, creative concepts, materials and endorsements of marketing and advertising programs. Although the Advertising Fund is intended to maximize general recognition and patronage of the Licensed Marks (and other marks relating to the type of restaurant to be franchised) for the benefit of all Villa Pizza or Cozzoli's restaurants, as applicable, we cannot assure you that any particular restaurant will benefit directly or pro-rata from the placement of advertising. The Advertising Fund may be used to pay for the cost of preparing and producing marketing and advertising materials and programs we

select, including video, audio and written advertising materials, and for the cost of employing advertising agencies and supporting market research activities. We may furnish you with marketing, advertising and promotional materials at cost, plus any related administrative, shipping, handling and storage charges.

The two Advertising Funds will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead we may incur in activities related to the administration of the Advertising Funds and its programs, including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Funds. All disbursements from the Advertising Funds will be made first from income and then from contributions. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all restaurants to the Advertising Funds in that year, and the Advertising Funds may borrow from us or other lenders to cover deficits in the Advertising Funds. We may cause the Advertising Funds to invest any surplus for future use by the Advertising Funds. We will prepare annually a statement of monies collected and costs incurred by the Advertising Funds and furnish you a copy upon your written request. Except as otherwise expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation with respect to the establishment, direction or administration of the Advertising Funds. We do not act as trustee or in any other fiduciary capacity with respect to the Advertising Funds.

With the funds of the Advertising Fund, we will advertise Villa Pizza or Cozzoli's restaurants, as applicable, in various media, including television, radio, magazine, newspaper, billboards, transit and aerial advertising. Our advertising is developed both by outside advertising agencies and our in-house advertising department. To date, most of our advertising has been local.

We currently do not have an advertising council. You are not required to participate in any advertising cooperative and we do not anticipate requiring cooperatives in the future. You must spend 1% of your gross revenues each calendar quarter on advertising and promoting your restaurant. Any and all advertising must be approved by us in writing. Advertising expenditures include amounts contributed to any Advertising Fund we may establish, amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, and flyers. Advertising expenditures do not include amounts spent for items which the Franchisor deems inappropriate for meeting the minimum advertising requirement, including permanent on-premises signs, lighting, delivery vehicle storage, premiums, discounts, and employee incentive programs.

ITEM 12 **TERRITORY**

The Franchisor grants you the right to operate one restaurant under the Licensed Marks at a specific location to be approved by us. You have no territorial or exclusive rights and the Franchisor has the unfettered right to own, operate, and license others to own and operate Villa Pizza and Cozzoli's restaurants anywhere, including in the vicinity and market area of your restaurant. You may also compete against "Instant Replay – Villa Pizza" units if your restaurant is located within the State of Nevada. (See Item 1). You may not conduct the business of your restaurant at any site other than the premises, or relocate your restaurant without our prior written consent. The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises.

Except for rights expressly granted to you under the Franchise Agreement, we and our affiliates retain all of our respective rights and discretion with respect to the Villa Marks, the System and Villa Pizza and Cozzoli's restaurants anywhere in the world and to engage in any other business, including the right to:

- (a) operate, and grant others the right to operate, Villa Pizza and Cozzoli's restaurants at locations and on terms and conditions we deem appropriate;
- (b) sell any products or services under the Villa Marks or under any other trademarks, service marks or trade dress, through other channels of distribution; and
- (c) operate, and grant to others the right to operate, restaurants identified by trademarks, service marks or trade dress, other than the Licensed Marks, under terms and conditions we deem appropriate.

ITEM 13
TRADEMARKS

Status of Principal Marks

Our principal marks are VILLA PIZZA, VILLA PIZZA and design, and COZZOLI'S.

Villa Holding owns the registrations of the following principal marks listed on the Principal Register of the U.S. Patent and Trademark Office:

Marks	Registration/Application Number	Registration Date
Villa Pizza®	Registration No. 1,749,093	1/26/93
Villa Pizza and Design®	Registration No. 1,699,602 Registration No. 1,401,644	7/7/92 7/15/86
Villa Pizza Pasta Stromboli Pizza Salads (and Design)	Registration No. 2,897,496	10/26/04

Villa Holding owns the registrations of the following principal mark listed on the Principal Register of the U.S. Patent and Trademark Office:

Mark	Registration/Application Number	Registration Date
Cozzoli's®	Registration No. 1,116,492	4/10/79; renewed 4/26/99

All required affidavits have been filed.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the marks described above.

We and Villa Holding have signed an Amended and Restated Trademark and Service Mark License Agreement dated March 19, 2001 under which Villa Holding has authorized us to use the Villa and Cozzoli's marks and to sublicense the Villa and Cozzoli's marks to franchisees. The term of the agreement is indefinite. The agreement may be terminated by either party without cause on 60 days notice. Villa

Holding may terminate the agreement immediately in the event of our bankruptcy or insolvency. The agreement may be modified in writing signed by both parties.

There are no agreements that significantly limit our right to use or license the use of the marks in a manner material to the franchise. We do not know of any infringing uses that could materially affect your use of the Licensed Marks.

Franchise Agreement

The Franchise Agreement grants you the right to operate a restaurant under the Licensed Marks designated in the Franchise Agreement and any other marks we authorize. If we believe, in our sole discretion, that it is advisable for us or you to modify or discontinue use of any Licensed Mark or use one or more additional or substitute trademarks, service marks or trade dress, you must comply with our directions. We will reimburse you for the direct costs of complying with this obligation.

You must use all names and Licensed Marks in full compliance with rules we prescribe from time to time. You may not use any name or Licensed Mark as part of any corporate name or other business name or with any prefix, suffix or other modifying words, terms, designs or symbols, other than logos the Franchisor licenses to you. In addition, you may not use any name or Licensed Mark in connection with the sale of any unauthorized product or service or in any other manner that the Franchisor has not explicitly authorized in writing.

You must immediately notify us of any apparent infringement of or challenge to your use of any Licensed Mark. We or our affiliates will have sole discretion to take any action we deem appropriate.

You may not use any of our Licensed Marks on the World Wide Web and must obtain our permission and approval for all Internet domain names and/or home page addresses.

ITEM 14 **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents that are material to the franchise.

We and/or our affiliates claim copyright protection for our Operations Manuals and printed advertising and promotional materials. We have not registered the materials to which we claim copyright protection.

We also consider certain information, knowledge and know-how concerning the Franchisor and the System to be trade secrets and proprietary information, including the program of accounting, identification, schemes, specifications, standards, management systems, recipes, menus, techniques, financial information (such as product costs and sources of supply), Operations Manuals and business operations and procedures that would, if used by others, give other people a substantial competitive advantage presently enjoyed by the Franchisor.

You may not, without our prior written consent, disclose, use, or permit the use of any part of the System except as may be required by law or as authorized in the Franchise Agreement. You must use your best efforts to prevent any employee from using the System and any of the Villa Marks, or from operating a restaurant that is substantially similar to any Villa Pizza or Cozzoli's restaurant.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Villa Holding has licensed us to use, and sublicense our franchisees to use, certain trade secrets and proprietary information under the Trademark and Service Mark License Agreement described in Item 13. Otherwise, there are no agreements currently in effect that significantly limit our right to use or authorize you to use the copyrighted materials or proprietary information. Further, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials or proprietary information in any state. Except as noted above, we are not required by any agreement to protect or defend copyrights or confidential information, although we or our affiliates will do so when this action is in the best interest of our franchise system.

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

You (or your Restaurant Manager) shall exert your full-time and best efforts during business hours to the management of your restaurant. Your restaurant at all times must be under the direct supervision of a full time Restaurant Manager (who may be you) who has completed our training program to our satisfaction. Your Restaurant Manager need not have an equity interest in the franchised business.

Any person actively involved in the management of your restaurant must enter into a “Confidentiality and Non-Competition Agreement” attached as Exhibit B-2 to this offering circular. If you have reason to believe that any such person has violated the provisions of the “Confidentiality and Non-Competition Agreement”, you must notify us immediately and cooperate with us to protect us against infringement or other unlawful use of the proprietary marks or the System.

If you are a partnership, corporation, limited liability company or other legal entity, each owner must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement, if any. A copy of the guaranty is attached to the Franchise Agreement as Exhibit D.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all food, menu items and other products and services the Franchisor requires. You are not restricted as to the customers whom you may serve at the restaurant.

Your restaurant may not offer any products or services we have not authorized for Villa Pizza or Cozzoli’s restaurants without our prior written approval. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes. You may not use your restaurant for any purpose other than the operation of a Villa Pizza or Cozzoli’s restaurant, as applicable, in compliance with the Franchise Agreement. Telephone booths, newspaper racks, juke boxes, gum machines, games, rides, or any coin vending machines may not be installed on the premises without our written approval.

You must at all times maintain sufficient food, supplies, and personnel to operate the restaurant at its maximum capacity and efficiency.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Franchise Agreement

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Term of the franchise	§2; §1 of Sub-Lease	Term of the Franchise Agreement begins on execution of Franchise Agreement and ends on the earlier of 10 years from the opening of the Restaurant or the termination or expiration of the Lease. The term of the Sub-Lease is equal to the original term of the Lease less one day, commencing on the date you take possession. Possession is defined as the date you take actual possession of the Premises, but not later than 60 days after your graduation from our initial training program.
b. Renewal or extension of the term	§2	May be granted renewal of franchise for one additional term under terms of then-current franchise agreement.
c. Requirements for you to renew or extend	§2	If you give notice within 12 months of expiration, are not in default under the current Franchise Agreement, sign the new Franchise Agreement, including general release and guaranty, maintain possession of the Premises, upgrade the restaurant to our then current standards.
d. Termination by you	§3(a)	If the restaurant lease is not signed within 9 months after the execution of the Franchise Agreement, you may terminate the Franchise Agreement.

PROVISION	SECTION IN AGREEMENT	SUMMARY
e. Termination by us without cause	§3(a)	If the restaurant lease is not signed within 9 months after the execution of the Franchise Agreement, we may terminate the Franchise Agreement.
f. Termination by us with cause	§24; §11 of Sub-Lease	We can terminate for specified causes.
g. "Cause" defined - defaults which can be cured	§24(b); § 11 of Sub-Lease	You have 24 hours to cure health violations; 10 days to correct delinquent payments due us; 30 days to correct delinquent payments due to suppliers; 30 to cure breaches of Franchise Agreement; 3 or more times within a period of 12 months to comply with Franchise Agreement after notice. Failure to make payment under the Franchise Agreement is a default under the Sub-Lease.
h. "Cause" defined - defaults which cannot be cured	§24(a); §11 of Sub-Lease	Includes insolvency, failure to open or abandonment of business, cancellation of lease, misrepresentations, conviction of a felony, unauthorized transfer, unauthorized disclosure of Confidential Information. Termination of Franchise Agreement constitutes termination of Sub-Lease.
i. Your obligations on termination/non-renewal	§25	Discontinue use of Licensed Marks and confidential information; de-identify your business; return all confidential materials; notify telephone company; pay all monies owed us; vacate and surrender the Premises.
j. Assignment of contract by us	§28	No restriction on our right to transfer or assign.

PROVISION	SECTION IN AGREEMENT	SUMMARY
k. "Transfer" by you - definition	§29	Includes sale transfer, assignment or other disposition of the agreement rights, or other ownership interest in franchisee.
l. Our approval of your transfer	§§29, 30, 31, 32, 33; § 9(c) of Sub-Lease	We have the right to approve all transfers but will not unreasonably withhold approval if certain conditions are satisfied. You may not assign, sublet or part with possession of the Premises without Sub-Lessor's consent.
m. Conditions for our approval of transfer	§§30, 31, 32, 33, 34, 35	Transferee must qualify; complete training and sign new or existing franchise agreement; you must subordinate debts and sign a general release and non-compete agreement; remodel restaurant; sales commission must be paid; transfer fee must be paid.
n. Our right of first refusal to buy your business	§38	We can match any bona fide offer for your business within 30 days from delivery of a complete and accurate copy of offer.
o. Our option to buy your business	§26	We may acquire your restaurant, by giving you notice within 10 days of termination/expiration, at fair market value.
p. Your death or disability	§§36, 37	Upon the request of your personal representative, we may provide a manager to operate the business at the representative's expense. Your business may be transferred subject to our approval.
q. Non-competition covenants during term of franchise	§14	No involvement in any competing business.

PROVISION	SECTION IN AGREEMENT	SUMMARY
r. Non-competition covenants after franchise is terminated or expires	§27	You may not own or provide services/advice to any competing business or any entity which franchises or licenses an Italian style restaurant business or pizzeria for 2 years within 5 miles of any Cozzoli's or Villa Pizza restaurant.
s. Modification of the Agreement	§43(k); §16 of Sub-Lease	No modification except by written agreement signed by both parties. However, Operations Manual is subject to change by us. Sub-Lease may not be modified without Sub-Lessor's consent.
t. Integration/merger clause	§43(k); §15 of Sub-Lease	Only the terms of the franchise agreement, including Operations Manual, are binding (subject to state law); any other oral or written promises may not be enforceable. Sub-Lease supersedes all prior oral and written agreements with respect to the subject matter of the Sub-Lease.
u. Dispute resolution by arbitration or mediation	N/A	N/A
v. Choice of forum	§43(f)	New Jersey state courts, and federal district courts of New Jersey.*
w. Choice of law	§43(f); §19 of Sub-Lease	New Jersey law applies generally, except for applicable franchise laws of other states. Laws of the state in which the Premises are located governs the Sub-Lease.*

*Certain states may require different or additional disclosures (see Exhibit H) or revisions to the agreements (see Exhibit I) with respect to the choice of forum and choice of law provisions in the Franchise Agreement.

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:

- Arkansas (Ark. Stat. § 70-807)
- California (Bus. & Prof. Code §§ 20000-20043)
- Connecticut (Conn. Gen. Stat. Ann §§ 42-133e et. seq.)
- Delaware (Del. Code Ann. tit. 6, § 2551-6 (Supp. 1974))

Hawaii (Haw. Rev. Stat. § 482E-1 (Supp. 1992))
Illinois (815 ILCS 705/19 and 705/20)
Indiana (Ind. Code Ann. §23-2-2.7 (1993))
Iowa (Iowa Code, Tit. XX §§ 523 H.1-523 H.17 (1992))
Michigan (Mich. Stat. Ann. § 19.854 (27) (1975))
Minnesota (Minn. Stat. Ann. § 80 C.14 (Supp. 1976-76))
Mississippi (Miss. Code Ann. §75-24-51 (Supp. 1993))
Missouri (Mo. Rev. Stat. § 407.400 (Supp. 1976))
Nebraska (Neb. Rev. Stat. § 87-401 (Supp. 1976))
New Jersey (N.J. Stat. Ann. § 56:10-1 (West 1989 and Supp. 1994))
South Dakota (S.D. Codified Laws § 37-5A-51)
Virginia (Va. Code §§ 13.1-557-574-13.1-564 (1978))
Washington (Wash. Code Ann. § 19.100.180 (1992))
Wisconsin (Wis. Stat. Ann. § 135.03 (West 1989 and Supp. 1994))

In addition to the above statutes, these and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

ITEM 18
ARRANGEMENTS WITH PUBLIC FIGURES

We do not use any public figure to promote the sale of our franchises.

ITEM 19
EARNINGS CLAIMS

One question you may ask is how much money can I expect to earn as a Franchisee? There is no simple, definitive answer to that question. There are many variables that make it impossible to predict future results with any certainty. For these reasons, we do not project sales, cost or profits of Our franchised restaurants except as provided below, we do not furnish or authorize Our salespersons to furnish any oral or written information concerning the actual or potential sales, cost, income or profits of a Villa Pizza or Cozzoli's restaurant. Actual results vary from restaurant to restaurant and we cannot estimate the results of any particular franchise.

During the calendar year 2005 our affiliates operated 126 company Villa Pizza restaurants. Of the 126 restaurants, 109 were open for one year or more and the un-audited average annual gross sales of the 109 restaurants was \$522,783. The Annual Gross Sales for the restaurants ranged between \$159,458 to \$2,613,509. Average food cost for the 109 restaurants was 24.74% and average labor cost was 28.59%.

A Franchisee's financial results are likely to differ from the above information of our affiliate Villa Pizza restaurants. In addition, the above average annual gross sales figures DO NOT reflect the costs of sales, operating expenses or other cost and expenses that must be deducted from the average annual gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised restaurant. Franchisees listed in this Franchise Offering Circular may be one source of this information.

Actual results vary from restaurant to restaurant, and we cannot estimate the results of any particular Franchisee. The Gross Sales and financial results of your Franchise are likely to differ

from the figures stated above, and there is no assurance that you will do as well. If you rely upon the above figures, you must accept the risk of not doing as well. The average Villa Pizza restaurant of our affiliates included in the above calculations is a mature restaurant; accordingly, a new Franchisee's individual Gross Sales are likely to differ from the results stated above. Further, your Gross Sales and your financial results will depend upon, among other things, such factors as your location; local and national economic conditions; how well you follow Villa Pizza's methods and procedures; your management skill, experience and business acumen; whether you personally manage your restaurant or hire a manager; the region in which your Villa Pizza's restaurant is located; whether the premises is in a new or existing center; the physical size and location of your restaurant; the condition of the premises and the amount and nature of tenant improvements required; the architectural criteria of the center; the HVAC & electrical systems present or necessary; the local market for our product; the competition in your local market; the prevailing wage rate; competition; Federal, State and local taxes; media and advertising cost; and the sales level reached during the initial period.

Substantiation of the data used in preparing the above average annual Gross Sales figures will be made available to you upon reasonable request.

ITEM 20
LIST OF OUTLETS

INFORMATION REGARDING FRANCHISES OF THE FRANCHISOR

**FRANCHISED AND LICENSED VILLA PIZZA RESTAURANT STATUS SUMMARY
FOR FISCAL YEARS 2005, 2004, 2003**

<u>State</u>	<u>Transfer</u> <u>s</u>	<u>Canceled</u> <u>or</u> <u>Terminated</u>	<u>Not</u> <u>Renewed</u>	<u>Reacquire</u> <u>d</u> <u>By</u> <u>Franchisee</u>	<u>Otherwis</u> <u>e</u> <u>Left the</u> <u>System</u>	<u>Total</u> <u>From</u> <u>Left</u> <u>Columns</u> ¹	<u>Franchises</u> <u>Operating</u> <u>At Year</u> <u>End</u>
Alabama							0/0/0
Alaska							1/1/1
Arizona							3/1/1
Arkansas							0/0/0
California	0/1/0				1/0/0	1/1/0	4/5/4
Colorado	1/0/0	1/0/0				2/0/0	2/2/2
Connecticut							0/0/0
Delaware							0/0/0
Florida	1/0/0					1/0/0	5/4/2
Georgia							0/0/0

<u>State</u>	<u>Transfer s</u>	<u>Canceled or Terminate d</u>	<u>Not Renewe d</u>	<u>Reacquire d By Franchiso r</u>	<u>Otherwis e Left the System</u>	<u>Total From Left Columns¹</u>	<u>Franchises Operating At Year End</u>
Hawaii							0/0/0
Idaho	1/0/0					1/0/0	3/1/0
Illinois							2/2/2
Indiana							1/1/1
Iowa							0/0/0
Kansas							0/0/0
Kentucky							0/0/0
Maine							0/0/0
Maryland							3/2/1
Massachusetts							0/0/0
Michigan							0/0/0
Minnesota							0/0/0
Mississippi							0/0/0
Missouri							0/0/0
Montana							0/0/0
Nebraska							0/0/0
Nevada ²		0/0/0				0/0/0	10/10/9
New Hampshire							0/0/0
New Jersey							2/2/2
New Mexico							0/0/0
New York							3/3/2
North Carolina							0/0/0
North Dakota							0/0/0
Ohio							3/1/1
Oklahoma							0/0/1
Oregon							0/0/0

<u>State</u>	<u>Transfer s</u>	<u>Canceled or Terminate d</u>	<u>Not Renewe d</u>	<u>Reacquire d By Franchiso r</u>	<u>Otherwis e Left the System</u>	<u>Total From Left Columns¹</u>	<u>Franchises Operating At Year End</u>
Pennsylvania							3/1/2
Rhode Island							1/1/1
South Carolina							0/0/0
South Dakota							1/1/0
Tennessee		1/0/1				1/0/1	0/1/1
Texas		0/2/0				0/2/0	3/3/4
Utah							2/2/2
Vermont							0/0/0
Virginia							3/2/2
Washington							0/0/0
West Virginia							0/0/0
Wisconsin							1/0/0
Wyoming							0/0/0
District of Columbia							0/0/0
Puerto Rico							0/0/0
U.S. TOTALS	3/1/0	2/2/1	0/0/0	0/0/0	1/0/0	6/3/1	56/46/41
Kuwait							1/1/0
Russia							2/0/0
TOTALS	3/1/0	2/2/1	0/0/0	0/0/0	1/0/0	6/3/1	59/47/41

NOTE 1: The numbers in the "Total" column may exceed the number of franchises affected because several events may have affected the same restaurant.

NOTE 2: This number includes one co-branded "Instant Replay-Villa Pizza" restaurants.

The names, addresses and telephone numbers of our Villa Pizza franchisees are listed in Exhibit E-1. All franchisee's prior to January 7, 1999, are those belonging to Our Predecessor's system.

The names, last known home addresses and telephone numbers of every Villa Pizza franchisee and licensee who has had a franchise terminated, canceled, not renewed by us in 2005 or who otherwise voluntarily or involuntarily ceased to do business under their franchise agreement in 2005, or who have not communicated with us within 10 weeks before the date of this offering circular, are listed in Exhibit F.

FRANCHISED COZZOLI'S RESTAURANT STATUS SUMMARY ¹
FOR FISCAL YEARS 2005, 2004, 2003

<u>State</u>	<u>Transfer s</u>	<u>Canceled or Terminate d</u>	<u>Not Renewe d</u>	<u>Reacquire d By Franchiso r</u>	<u>Otherwis e Left the System</u>	<u>Total From Left Columns²</u>	<u>Franchises Operating At Year End</u>
Alabama							0/0/0
Alaska							0/0/0
Arizona							0/1/1
Arkansas							0/0/0
California							0/0/0
Colorado ³	0/0/0	0/1/0		1/0/0	0/0/0	1/1/0	1/3/4
Connecticut							0/0/0
Delaware							0/0/0
Florida	1/0/1	0/1/5			0/1/0	1/2/6	9/10/13
Georgia							0/0/0
Hawaii							0/0/0
Idaho							0/0/0
Illinois							0/0/0
Indiana							0/0/0
Iowa							0/0/0
Kansas							0/0/0
Kentucky							0/0/0
Maine							0/0/0
Maryland							0/0/0
Massachusett s							0/0/0

<u>State</u>	<u>Transfers</u>	<u>Canceled or Terminated</u>	<u>Not Renewed</u>	<u>Reacquired By Franchisor</u>	<u>Otherwise Left the System</u>	<u>Total From Left Columns²</u>	<u>Franchises Operating At Year End</u>
Michigan							0/0/0
Minnesota							0/0/0
Mississippi							0/0/0
Missouri							0/0/0
Montana							0/0/0
Nebraska							0/0/0
Nevada							0/0/0
New Hampshire							0/0/0
New Jersey							0/0/0
New Mexico							0/0/0
New York							0/0/0
North Carolina							0/0/0
North Dakota							0/0/0
Ohio							0/0/0
Oklahoma		0/0/2				0/0/2	0/1/1
Oregon							1/1/1
Pennsylvania							0/0/0
Rhode Island							0/0/0
South Carolina							0/0/0
South Dakota							0/0/0
Tennessee	0/1/0	0/1/0				0/2/0	1/1/2
Texas		0/0/1		0/1/0	0/0/0	0/1/1	2/2/5
Utah							0/0/0
Vermont							0/0/0

<u>State</u>	<u>Transfers</u>	<u>Canceled or Terminated</u>	<u>Not Renewed</u>	<u>Reacquired By Franchisor</u>	<u>Otherwise Left the System</u>	<u>Total From Left Columns²</u>	<u>Franchises Operating At Year End</u>
Virginia							1/1/1
Washington							0/0/0
West Virginia							0/0/0
Wisconsin							0/0/0
Wyoming							0/0/0
District of Columbia							0/0/0
Puerto Rico							0/0/0
U.S. TOTALS	1/1/1	0/3/8	0/0/0	1/1/0	0/1/0	2/6/9	15/20/28
Ecuador		0/1/0				0/1/0	0/0/1
Netherlands Antilles		0/0/1				0/0/1	0/0/0
Peru					0/0/0	0/0/0	0/0/0
TOTALS	1/1/1	0/4/9	0/0/0	1/1/0	0/1/0	2/7/10	15/20/29

NOTE 1: We are the franchisor of five Cozzoli's restaurants located in Colorado, Florida, Tennessee and Virginia. These restaurants are identified in Exhibit E-2. Our affiliate, CPH, is the franchisor for the remaining restaurants.

NOTE 2: The numbers in the "Total" column may exceed the number of franchises affected because several events may have affected the same restaurant.

NOTE 3: One of these franchisees converted to a Villa Pizza franchise.

The names, addresses and telephone numbers of our Cozzoli's franchisees are listed in Exhibit E-2.

The names, last known home addresses and telephone numbers of every Cozzoli's franchisee and licensee who has had a franchise terminated, canceled, not renewed by us in 2005 or who otherwise voluntarily or involuntarily ceased to do business under their franchise agreement in 2005, or who have not communicated with us within 10 weeks before the date of this offering circular, are listed in Exhibit F-2.

STATUS OF COMPANY-OWNED VILLA PIZZA RESTAURANTS ¹
FISCAL YEARS 2005, 2004, 2003

State	Restaurants Closed During Year	Restaurants Opened During Year	Total Restaurants Operating At Year End
Alabama			0/0/0
Alaska		0/0/0	0/0/0
Arizona		2/1/0	6/4/3
Arkansas			0/0/0
California		0/0/1	5/5/5
Colorado		1/0/0	3/2/2
Connecticut	0/0/0		0/0/0
Delaware			0/0/0
Florida	0/0/1	2/0/2	11/9/9
Georgia		1/0/0	2/1/1
Hawaii			0/0/0
Idaho			0/0/0
Illinois		1/2/0	7/6/4
Indiana		0/0/1	2/2/1
Iowa		1/1/1	4/3/1
Kansas			2/2/2
Kentucky			1/1/1
Louisiana			2/2/2
Maine			0/0/0
Maryland	0/1/0		4/4/5
Massachusetts		0/0/0	2/2/2
Michigan		1/1/0	3/2/2
Minnesota	0/0/0	0/0/1	3/3/3
Mississippi			3/3/3
Missouri		0/0/0	1/1/1
Montana			0/0/0

State	Restaurants Closed During Year	Restaurants Opened During Year	Total Restaurants Operating At Year End
Nebraska			0/0/0
Nevada		0/0/1	3/3/3
New Hampshire			0/0/0
New Jersey	0/1/0	0/1/1	5/5/3
New Mexico			1/1/1
New York		1/0/0	6/5/4
North Carolina	0/1/0	0/1/0	4/5/5
North Dakota			0/0/0
Ohio	1/0/1		3/4/5
Oklahoma		0/0/1	1/1/1
Oregon			1/1/1
Pennsylvania	0/1/0	1/0/0	9/9/8
Rhode Island			0/0/0
South Carolina	0/1/0	0/1/0	1/1/2
South Dakota	0/1/0		0/0/1
Tennessee	1/0/0		3/4/4
Texas	0/0/1	0/2/2	16/16/15
Utah			0/0/0
Vermont			0/0/0
Virginia	0/0/1	0/1/0	6/6/5
Washington		1/0/1	4/3/2
West Virginia			0/0/0
Wisconsin	0/0/0		1/1/1
Wyoming			0/0/0
District of Columbia			0/0/0
U.S. TOTALS	2/6/4	12/10/12	125/117/108
Italy		0/2/0	5/5/3
United Kingdom		0/2/0	6/7/4

State	Restaurants Closed During Year	Restaurants Opened During Year	Total Restaurants Operating At Year End
TOTALS	2/6/4	12/14/12	136/129/115

¹ These restaurants are owned by our affiliates, not us.

STATUS OF COMPANY-OWNED COZZOLI'S RESTAURANTS ¹
FISCAL YEARS 2005, 2004, 2003

State	Restaurants Closed During Year	Restaurants Opened During Year	Total Restaurants Operating At Year End
Alabama			0/0/0
Alaska			0/0/0
Arizona			0/0/0
Arkansas			0/0/0
California			0/0/0
Colorado			0/0/0
Connecticut			0/0/0
Delaware			0/0/0
Florida			0/0/0
Georgia			0/0/0
Hawaii			0/0/0
Idaho			0/0/0
Illinois			0/0/0
Indiana			0/0/0
Iowa			0/0/0
Kansas			0/0/0
Kentucky			0/0/0
Louisiana			0/0/0
Maine			0/0/0
Maryland			0/0/0
Massachusetts			0/0/0
Michigan			0/0/0

State	Restaurants Closed During Year	Restaurants Opened During Year	Total Restaurants Operating At Year End
Minnesota			0/0/0
Mississippi			0/0/0
Missouri			0/0/0
Montana			0/0/0
Nebraska			0/0/0
Nevada			0/0/0
New Hampshire			0/0/0
New Jersey			0/0/0
New Mexico			0/0/0
New York			0/0/0
North Carolina			0/0/0
North Dakota			0/0/0
Ohio			0/0/0
Oklahoma			0/0/0
Oregon			0/0/0
Pennsylvania			0/0/0
Rhode Island			0/0/0
South Carolina			0/0/0
South Dakota			0/0/0
Tennessee			0/0/0
Texas			0/0/0
Utah			0/0/0
Vermont			0/0/0
Virginia			0/0/0
Washington			0/0/0
West Virginia			0/0/0
Wisconsin			0/0/0
Wyoming			0/0/0

State	Restaurants Closed During Year	Restaurants Opened During Year	Total Restaurants Operating At Year End
District of Columbia			0/0/0
TOTALS	0/0/0	0/0/0	0/0/0

¹ These restaurants are owned by our affiliates, not us.

PROJECTED OPENINGS OF VILLA PIZZA RESTAURANTS IN FISCAL YEAR 2006

State	Franchise Agreements Signed but Restaurant Not Open	Projected Additional Franchised Restaurant Openings in 2006	Projected Company-Owned Restaurant Openings in 2006 ¹
Alabama			
Alaska			
Arizona			
Arkansas			
California			
Connecticut			
Colorado			
Delaware			
Florida		2	1
Georgia	1		
Hawaii			
Idaho			
Illinois			
Indiana			1
Iowa			1
Kansas			
Kentucky			
Louisiana			
Maine			
Maryland	1		

State	Franchise Agreements Signed but Restaurant Not Open	Projected Additional Franchised Restaurant Openings in 2006	Projected Company-Owned Restaurant Openings in 2006 ¹
Massachusetts			1
Michigan			1
Minnesota			
Mississippi			
Missouri			
Montana			
Nebraska			
Nevada		1	1
New Hampshire			
New Jersey		1	3
New Mexico			
New York		1	1
North Carolina			
North Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania		1	2
Rhode Island			
South Carolina			
South Dakota			
Tennessee			1
Texas		2	1
Utah			
Vermont			
Virginia	1	0	

State	Franchise Agreements Signed but Restaurant Not Open	Projected Additional Franchised Restaurant Openings in 2006	Projected Company-Owned Restaurant Openings in 2006 ¹
Washington			1
West Virginia			
Wisconsin		1	
Wyoming			
District of Columbia			
Puerto Rico			
TOTALS	3	9	15

¹ These restaurants are owned by our affiliates, not us.

**PROJECTED OPENINGS OF COZZOLI'S RESTAURANTS
IN FISCAL YEAR 2006**

State	Projected Additional Franchised Restaurant Openings in 2006	Projected Company-Owned Restaurant Openings in 2006
Alabama		
Alaska		
Arizona		
Arkansas		
California		
Connecticut		
Delaware		
Florida	1	
Georgia		
Hawaii		
Idaho		
Illinois		
Indiana		
Iowa		

State	Projected Additional Franchised Restaurant Openings in 2006	Projected Company-Owned Restaurant Openings in 2006
Kansas		
Kentucky		
Louisiana		
Maine		
Maryland		
Massachusetts		
Michigan		
Minnesota		
Mississippi		
Missouri		
Montana		
Nebraska		
Nevada		
New Hampshire		
New Jersey		
New Mexico		
New York		
North Carolina		
North Dakota		
Ohio		
Oklahoma		
Oregon		
Pennsylvania		
Rhode Island		
South Carolina		
South Dakota		
Tennessee		
Texas		

State	Projected Additional Franchised Restaurant Openings in 2006	Projected Company-Owned Restaurant Openings in 2006
Utah		
Vermont		
Virginia		
Washington		
West Virginia		
Wisconsin		
Wyoming		
District of Columbia		
TOTALS	1	0

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit G to this Offering Circular are the following:

Audited financial statements for the fiscal years ended December 31, 2005, December 31, 2004 and December 31, 2003. The Franchisor's unaudited financial statement for the period ending March 31, 2006.

ITEM 22
CONTRACTS

Attached as Exhibits to this Offering Circular are the following contracts and their attachments:

1. Franchise Agreement (Exhibit B)
2. Conditional Assignment of Lease (Exhibit B-1)
3. Confidentiality and Non-Competition Agreement (Exhibit B-2)
4. Sub-Lease Agreement (Exhibit C)

ITEM 23
RECEIPT

Exhibit J of the Offering Circular is a detachable document, in duplicate, acknowledging receipt of this offering circular by a prospective franchisee. You should sign both copies of the Receipt. Retain one copy of the Receipt for your records and return the other signed copy to Villa Pizza.