

EXHIBIT A
FRANCHISE AGREEMENT

**“JUICE HEAVEN”
FRANCHISE AGREEMENT**

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**“JUICE HEAVEN”
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT is made this _____ day of _____, 200__ (the “Effective Date”) by and between **JUICE HEAVEN FRANCHISE CORPORATION**, a California corporation, located at 17834 Burbank Blvd., Suite 229, Encino, California 91316, (“Company”), and _____ [] an individual OR [] a _____ (“Franchisee”), with reference to the following facts:

A. Company owns certain proprietary and other property rights and interests in and to the “JUICE HEAVEN” trademark and service mark, and such other trademarks, service marks, logo types, insignias, slogans, trade dress, designs, and commercial symbols as Company may from time to time authorize or direct Franchisee to use in connection with the operation of a “JUICE HEAVEN” Store (“Marks”).

B. Company and/or its parent company have developed and continue to develop a system for the operation of “JUICE HEAVEN” Stores and merchandising of Authorized Products, which system features distinctive signs, recipes, and various Trade Secrets and other confidential information, and in some cases also includes architectural designs, trade dress, uniforms, equipment specifications, layout plans, inventory, record-keeping and marketing techniques (the “System”).

C. Franchisee desires to obtain a license and franchise to operate a single “JUICE HEAVEN” Store under the Marks and in strict accordance with the System, and the standards and specifications established by Company, and Company is willing to grant Franchisee such license and franchise under the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 **Definitions.** In this Agreement the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires:

“Advertising Co-op” shall have the meaning set forth in Section 9.3.

“Advertising Co-op Region” shall have the meaning set forth in Section 9.3.

“Advertising Fee” shall have the meaning set forth in Section 4.3.

“Advertising Fee Rate” shall have the meaning set forth in Section 4.3.

“Affiliate” when used herein in connection with Company or Franchisee, includes each person or Business Entity which directly, or indirectly, through one or more intermediaries, controls,

is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term "Affiliate" when used herein in connection with Franchisee includes any Business Entity more than 50% of whose stock; membership interests; Partnership Rights; or other equity ownership interests (collectively "Equity") or voting control, is held by person(s) or Business Entities who, jointly or severally, hold more than 50% of the Equity or voting control of Franchisee.

"Applicable Law" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority governing the operation of the "JUICE HEAVEN" Store, including all immigration, labor, disability, food and drug laws, health and safety regulations, and Americans With Disabilities Act requirements, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

"Assignment" shall have the meaning set forth in Section 15.2.

"Authorized Product" mean the specific fruit, juices, smoothies, snack and other food items and ancillary related products, baked goods, snacks and other food items and ancillary products, which may include juicing equipment, books, cups, hats, t-shirts and novelty items, as specified by Company from time to time in Company's Manuals, or as otherwise directed by Company in writing, for sale at the Franchisee's "JUICE HEAVEN" Store, manufactured, produced, prepared and served in strict accordance with Company's recipes, quality standards and specifications, including specifications as to Ingredients, brand names, preparation and presentation.

"Business Entity" means any Partnership, limited liability company, and any association, corporation or other entity which is not an individual.

"Certification Fee" shall have the meaning set forth in Section 4.5.

"Certified Trainer" shall have the meaning set forth in Section 6.3.

"Competitive Activities" means to, own, operate, lend to, advise, be employed by, or have any financial interest in any business that engages in the sale at retail or wholesale of any juice or smoothie product, or any other food products featured by "JUICE HEAVEN" Stores.

"Continuing Royalty" shall have the meaning set forth in Section 4.2.

"Co-op Advertising Regions" shall have the meaning set forth in Section 9.3.

"Designated Franchisee Representative" shall have the meaning set forth in Section 6.2.

"Effective Date" means the date indicated in the first paragraph of this Agreement.

"Force Majeure" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, riot, or other

civil disturbance; epidemics; or other forces which Franchisee could not by the exercise of due diligence have avoided.

“Franchisee” means the person or Business Entity identified in the first paragraph of this Agreement, and for purposes of Article 13 only, shall include Franchisee’s spouse and minor children and its Owners, officers and directors (and equivalents, *e.g.*, a manager of a limited liability company) if Franchisee is a Business Entity.

“Governmental Authority” means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“Gross Sales” means gross revenues (excluding allowances and sales taxes) received or receivable by Franchisee as payment, whether in cash or for credit or barter (and, if for credit or barter, whether or not payment is received therefor), for all juice, smoothies, and other beverages, food, and other goods, services, and supplies sold or prepared in Franchisee’s “JUICE HEAVEN” Store, or which are promoted or sold under any of the Marks.

“Internet” means collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio, or other methods of transmission

“Initial Fee” shall have the meaning set forth in Section 4.1.

“Ingredients” means those fruit, fruit juices, vegetables, sherbets, yogurts, baked goods, supplements and supplement mixes, dairy products and other ingredients and raw products, described and specified by Company in the Manuals from time to time, and each of which may from time to time be designated by Company to be a Proprietary Product or a Non-Proprietary Product.

“Juice Heaven Brand Product” means any product now existing or developed in the future that bears, or is sold or packaged under any of the Marks.

“JUICE HEAVEN Store” means the business operated pursuant to this Agreement under the Marks and in accordance with the System and specializing in the sale of Authorized Products.

“Lease” shall have the meaning set forth in Section 5.3.

“Leasehold Improvements” shall have the same meaning set forth in Section 5.4.1.

“Location” shall have the meaning set forth in Section 5.1.1.

“Manuals” means Company’s operations manuals, and all related manuals now or hereafter created by Company for use in the operation of a “JUICE HEAVEN” Store, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary manuals.

“Marks” shall have the meaning set forth in Recital A above.

“Maximum Advertising Co-op Fee” shall have the meaning set forth in Section 9.3.2.

“Non-Proprietary Products” shall have the meaning set forth in Section 10.3.

“Non-Traditional Venue” means is a site, venue or location within another primary business or in conjunction with other businesses or at institutional settings such as schools, colleges and universities, military and other governmental facilities, hospitals, airports, toll roads, office or in-plant food facilities, shopping malls, supermarkets, grocery stores or convenience stores, some of which may be other fast-food type operations such as food courts and any other site, venue or location operated by a master concessionaire or contract food service provider.

“Owner” means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of a Business Entity; except that if Company has any ownership interest in Franchisee, the term “Owner” shall not include or refer to the Company or its Owners or Affiliates, and no obligation or restriction upon the “Franchisee”, or its Owners, directors or officers shall bind Company, its Owners or Affiliates, or their respective Owners, directors or officers.

“Partnership” means any general partnership, limited partnership or limited liability partnership.

“Partnership Rights” means voting power, property, profits or losses, or partnership interests of a Partner.

“Permits” means and include all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

“Premises” means the Location and the property at which the Franchisee’s “JUICE HEAVEN” Store is located, including, unless otherwise expressly provided, any ancillary common areas, campus, buildings and other structures associated with the Premises.

“Protected Territory” shall have the meaning set forth in Section 2.3.

“Proprietary Products” shall have the meaning set forth in Section 10.2.

“Proprietary Software” shall have the meaning set forth in Section 8.4.2.

“Restricted Persons” means the Franchisee; each officer, director, general partner and manager of Franchisee (and each person holding a similar office or title); and each Owner (if Franchisee is a Business Entity), and the spouse and family members who live in the same household of each of the foregoing persons.

“Supplier” shall have the meaning set forth in Section 10.3.

“System” shall have the meaning set forth in Recital B.

“Term” shall have the meaning set forth in Section 3.1, including any extensions thereof.

“Trade Secrets” shall have the meaning set forth in Section 13.2.

“Transfer Fee” shall have the meaning set forth in Section 15.2.12.

“Venue” means any location or site which is not a Non-Traditional Venue.

ARTICLE 2

GRANT

2.1 Grant. Company hereby awards Franchisee the right and license during the Term, upon the terms and subject to the provisions of this Agreement, to use and display the Marks, and to use the System, to operate at, and only at, the Location, a “JUICE HEAVEN” Store. Franchisee may not use or operate any permanent or temporary cart, kiosk or other vending device in connection with any Full Service “JUICE HEAVEN” Store pursuant to this Agreement, except with Company’s prior written consent and pursuant to a separate addendum hereto on a form specified by Company.

2.2 No Sublicensing Rights. Franchisee shall not subfranchise, subdivide, sublicense, subcontract, sublease, or enter any management agreement providing for the right to operate the “JUICE HEAVEN” Store or to use the Marks or System granted pursuant to this Agreement.

2.3 Protected Territory.

2.3.1 During the Term, neither Company nor any Affiliate of Company, shall open or operate any “JUICE HEAVEN” Store at a Venue, nor license others to do so, within the geographic area described in Exhibit A (the “Protected Territory”) and attached hereto.

2.3.2 Except to the limited extent expressly provided in Section 2.3.1, the license granted to Franchisee under this Agreement is nonexclusive and the Company expressly reserves all other rights, including without limitation, the exclusive, unrestricted right, in its sole and absolute discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, licensees, franchisees, assigns, agents and others:

(a) to own or operate, and to license others (which may include its Affiliates) to own or operate (i) “JUICE HEAVEN” Stores at any location outside the Protected Territory, (ii) “JUICE HEAVEN” Stores at Non-Traditional Venues at any location, and of any type or category whatsoever, regardless of proximity to the “JUICE HEAVEN” Store developed pursuant hereto; and (iii) stores operating under names other than “JUICE HEAVEN”, at any location, and of any type or category whatsoever, regardless of proximity to the “JUICE HEAVEN” Store developed pursuant hereto;

(b) to produce, license, distribute and market products (whether or not under the Marks), including pre-packaged food, snacks and beverage products; books; juicers; clothing; souvenirs and novelty items; through any outlet (regardless of its proximity to the Store opened pursuant hereto) whether or not operating under the "JUICE HEAVEN" name or the Marks, or any of them, including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the internet, mail order catalogs, direct mail advertising and other distribution methods.

2.3.3 Without limiting the generality of Section 2.3.2, Franchisee acknowledges and agrees that it is not granted any rights with respect to any customers. Accordingly, Company may, directly and indirectly, itself and through its employees, Affiliates, representatives, licensees, franchisees, successors and assigns, agents and others solicit and serve customers wherever located, including, within the Protected Territory, subject only to the limitations set forth in Section 2.3.1.

ARTICLE 3

TERM

3.1 Initial Term. Subject to earlier termination pursuant to Article 16, the "Term" of this Agreement shall begin on the Effective Date and continue for a period of 10 years.

3.2 Renewal. Subject to the conditions contained in Section 3.4, at the expiration of the Term hereof, Franchisee shall have the right (the "Renewal Right") to enter into a new franchise agreement in the form then generally being offered to prospective "JUICE HEAVEN" franchisees operating in the state in which the "JUICE HEAVEN" Store is located (the "Renewal Franchise Agreement") for one 10 year period (the "Renewal Term"). The term of the Renewal Franchise Agreement shall commence upon the date of expiration of the Term hereof; provided, however, notwithstanding the terms of Company's then-current form of Franchise Agreement: (a) Franchisee shall not have the right to renew or extend the term thereof or enter into any additional Renewal Franchise Agreement for a period following the Renewal Term; and (b) the Renewal Franchise Agreement shall be modified to conform to the Renewal Rights granted above.

3.3 Form and Manner of Renewal. Franchisee shall exercise its Renewal Right, if at all, strictly in the following manner:

3.3.1 Between 9 months and 12 months before the expiration of the Term, Franchisee shall notify Company in writing ("Renewal Notice") that it intends to exercise its Renewal Right and no sooner than 10 business days nor more than 20 business days after Franchisee receives Company's Offering Circular, if applicable, and execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of said Renewal Franchise Agreement and deliver them to Company together with an amount equal to one-half of the then-current initial fee due to Company.

3.3.2 If Franchisee shall have exercised its Renewal Right in accordance with Section 3.3.1 and satisfied all of the conditions contained in Section 3.4, Company shall execute the Renewal Franchise Agreement executed by Franchisee and at or prior to the expiration of the Term deliver one fully executed copy thereof to Franchisee.

3.3.3 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4, in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise its Renewal Right and shall automatically cause Franchisee's said Renewal Right to lapse and expire.

3.4 Conditions Precedent to Renewal. Franchisee's Renewal Right is conditioned upon Franchisee's fulfillment of each and all of the following conditions precedent:

3.4.1 At the time Franchisee delivers its Renewal Notice to Company and at all times thereafter until the commencement of the Renewal Term, Franchisee shall have fully performed all of its material obligations under this Agreement, the Manuals and all other agreements then in effect between Franchisee and Company (or its Affiliates).

3.4.2 Without limiting the generality of Section 3.4.1, Franchisee shall not have committed 2 or more material breaches of this Agreement during the 12 month period immediately preceding the date of the Renewal Notice for which Company shall have delivered a notice of default, whether or not such default was cured.

3.4.3 Without limiting the generality of Section 3.4.1, Franchisee shall not have committed 2 or more material breaches of this Agreement during any 12 month period during the Term of this Agreement for which Company shall have delivered notice of default, whether or not such defaults were cured.

3.4.4 Without limiting the generality of Section 3.4.1, Franchisee shall not have committed 4 or more material breaches of this Agreement during the Term of this Agreement for which Company shall have delivered notice of default, whether or not such defaults were cured.

3.4.5 Franchisee shall, and Franchisee shall cause its Affiliates to, execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their officers, directors, agents, shareholders and employees.

3.4.6 At Company's request, Franchisee shall, prior to the date of commencement of the Renewal Term, undertake and complete at its expense the remodeling, renovation or modernization of the Premises and the "JUICE HEAVEN" Store operated pursuant hereto to comply with the Company's then-current specifications and standards for new "JUICE HEAVEN" Stores.

3.5 Notice Required by Law. If Applicable Law requires that Company give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to

week basis until Company has given the notice required by such Applicable Law. If Company is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or offering circular, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Renewal Notice, Company may, in its sole subjective discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a renewal term determined in accordance with Section 3.2 hereof, or (ii) offer to extend the Term hereof on a week to week basis following the expiration of the Term hereof for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

ARTICLE 4

PAYMENTS

4.1 Initial Franchise Fees. Franchisee shall pay to Company an initial franchise fee (the "Initial Fee") equal to \$20,000. The Initial Fee shall be payable in good funds upon execution of this Agreement, and shall be deemed fully earned by Company upon the execution of this Agreement by Company and Franchisee and shall be non-refundable, in whole or in part, under any circumstances.

4.2 Continuing Royalty. Franchisee shall pay to Company each month during the Term, an amount equal to the greater of (i) \$500; or (ii) 5% of its Gross Sales during the preceding month (the "Continuing Royalty"). Franchisee shall cause its Continuing Royalty for each month to be actually received by Company in good funds on or before the 10th day of the following month.

4.3 Advertising Fee. Franchisee shall pay to Company each month during the Term, simultaneously with its Continuing Royalty payments and in the manner described in Section 4.2, an advertising fee equal to 2% (the "Advertising Fee Rate") of its Gross Sales during the preceding month ("Advertising Fee"). The Advertising Fee shall be in addition to any co-op expenditures and local advertising required or permitted under Article 9 hereof. Company shall administer the Advertising Fee as part of the advertising program provided in Section 9.4.

4.4 Training Fee. Not fewer than 5 business days prior to the commencement of the initial training program described in Section 6.1, Franchisee shall pay to Company in good funds an initial training fee (the "Training Fee") equal to \$2,000. The Training Fee shall be deemed fully earned by Company upon payment thereof and shall be non-refundable, in whole or in part, under any circumstances.

4.5 Certification Fee. Not fewer than 5 business days prior to the commencement of the Certification Program described in Section 6.3, Franchisee shall pay to Company in good funds Company's then current certification fee for each trainee (the "Certification Fee"), presently equal to \$500. The Certification Fee shall be deemed fully earned by Company upon payment thereof and shall be non-refundable, in whole or in part, under any circumstances.

4.6 Pre-Authorized Payment.

4.6.1 If Franchisee fails to report its sales on a timely basis in accordance with Section 11.1, Company may estimate the amount of Franchisee's sales, and deposit or transfer the reported, or in the absence of a report, the estimated, amounts due into its own account, using the Franchisee's pre-authorized checks or other instruments or authority.

4.6.2 At Company's request, Franchisee, at Franchisee's sole cost and expense, shall instruct its bank to pay the amount of its monthly Continuing Royalty, Advertising Fee and other fees directly to Company from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism which Company may designate and upon the terms and conditions set forth in the Manuals, and promptly upon Company's request, Franchisee shall execute or re-execute and deliver to Company such pre-authorized check forms and other instruments or drafts required by Company's bank, payable against Franchisee's bank account, to enable Company to draw Franchisee's Continuing Royalty, Advertising Fee and other sums payable under the terms of this Agreement.

4.7 Other Payments. In addition to all other payments provided herein, Franchisee shall pay to Company, its parent companies, subsidiaries, Affiliates and designees, as applicable, promptly when due:

4.7.1 All amounts advanced by Company or which Company has paid, or for which Company has become obligated to pay on behalf of Franchisee for any reason whatsoever.

4.7.2 All sums due on account of the purchase of products or services by or for the account of Franchisee.

4.7.3 The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon Franchisee and required to be collected or paid by Company (a) on account of Franchisee's Gross Sales, or (b) on account of Continuing Royalties, Advertising Fees or Initial Fees collected by Company from Franchisee (but excluding ordinary income taxes). Company, at its sole discretion, may collect the taxes in the same manner as franchise fees are collected herein and if Company collects such taxes, Company shall promptly pay the tax collections to the appropriate governmental authority; provided, however, that it shall be Franchisee's responsibility to pay any sales, use or other taxes now or hereinafter imposed on Initial Fees, Continuing Royalties, and Advertising Fees imposed by any Governmental Authorities.

4.8 Application of Funds. If Franchisee shall be delinquent in the payment of any obligation to Company hereunder, or under any other agreement with Company, Company shall have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to application.

4.9 Interest and Charges for Late Payments.

4.9.1 If Franchisee shall fail to pay to Company the entire amount of the Continuing Royalty, Advertising Fee or any other sums owed to Company, promptly when due, Franchisee shall pay to Company, in addition to all other amounts which are due but unpaid, interest on the unpaid amounts, from the due date thereof, at the rate of 1-1/2% per month, or the highest rate allowable under applicable law, whichever is less.

4.9.2 If any check, draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Company's expenses arising from such non-payment, including bank fees in the amount of at least \$30.00, hourly staff charges arising from such default, and any other related expenses incurred by Company.

ARTICLE 5

CONSTRUCTION AND COMMENCEMENT OF BUSINESS

5.1 Location.

5.1.1 Franchisee's "JUICE HEAVEN" Store shall be located at the following address: _____, (the "Location"). If no Location has been inserted in the blank space provided above at the time of execution of this Agreement, Franchisee shall promptly following (in any event within 3 months after the Effective Date) the execution hereof purchase or lease Premises which meet Company's then-current standards and specifications. Franchisee shall not enter into any Lease or purchase agreement unless Franchisee shall have first (i) notified Company in writing of the proposed Location and provided Company with all information which Company may request concerning such proposed Location, and (ii) shall have received Company's written acceptance of such Location, upon the receipt of which acceptance such Location shall be deemed to be the "Location" as defined above.

5.1.2 Franchisee may not relocate the "JUICE HEAVEN" Store, without Company's prior written consent. Any attempt to do so shall be a material breach hereof.

5.2 Company Site Selection Assistance. Company may voluntarily (without obligation) assist Franchisee in identifying or obtaining a location. Company's said assistance, if any, shall not be construed to insure or guarantee the profitable or successful operation of the Location by Franchisee, and Company hereby expressly disclaims any responsibility therefor. Franchisee acknowledges that it is its sole responsibility to find a suitable location, that the location of the "JUICE HEAVEN" Store will be a critical factor in the success of Franchisee's business, and that Company is not obligated to directly or indirectly identify or obtain a location for Franchisee.

5.3 Lease. If the Location is leased or subleased by Franchisee:

5.3.1 Company shall have the right of approval of such lease or sublease, as

applicable (the "Lease"), a true and correct copy of which shall be delivered to Company at least 15 days prior to the execution thereof. Company shall use commercially reasonable efforts to complete its review of the Lease within 15 days and shall notify Franchisee if additional time is required to complete its review. Franchisee shall not execute any Lease until it has been reviewed and approved by Company.

5.3.2 (i) The term of said Lease shall be for a period which is not less than the Term of this Agreement, unless Company shall approve, in writing, a shorter term; (ii) Franchisee shall neither create nor purport to create any obligations on behalf of Company, nor grant or purport to grant to the landlord thereunder any rights against Company, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Franchise Agreement; (iii) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon him under the Lease; (iv) the Location shall be constructed and improved pursuant to the provisions of Section 5.4 hereof; (v) the Lease shall grant Company an option, without cost or expense to Company, to assume the Lease in the event of termination or expiration of this Franchise Agreement for any reason, and shall expressly provide that Company shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew, and upon Franchisee's default thereunder, and that upon any alleged breach thereof by Franchisee, the landlord thereunder shall be obligated to notify Company in writing at least 15 days prior to its termination or non-renewal and, in the case of a default, Company shall have the right, but not the obligation, to cure the breach and to succeed to Franchisee's rights under said Lease by giving written notice of such election to Franchisee and such landlord; Franchisee hereby appoints Company as its attorney-in-fact to execute an assignment and all other documents and instruments which Company deems necessary or appropriate to effectuate the foregoing; (vi) a fully executed copy of said Lease shall be delivered to Company promptly following the execution thereof; (vii) the Lease shall provide that it may not be assigned, subleased, modified or amended without Company's prior written consent and that Company shall be provided with copies of all such assignments, subleases, modifications and amendments, and the landlord shall consent in advance to any assignment or sublease to Company or a "JUICE HEAVEN" franchisee or licensee approved by Company during the initial term or any renewal term of the Lease; and (viii) the Lease may not contain a non-competition covenant which purports to restrict the Company, or any franchisee or licensee of the Company (or its Affiliates), from operating a "JUICE HEAVEN" Store or any other retail establishment, unless such covenant is approved by the Company in writing prior to the execution of the Lease. In all cases, the Lease shall provide that upon expiration or termination thereof for any reason, Franchisee shall, upon Company's demand, remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, a "JUICE HEAVEN" Store and that if Franchisee shall fail do so, Company will be given written notice and the right to enter the Location and Premises to make such alterations, in which event Franchisee shall reimburse Company for all direct and indirect costs and expense it may incur in connection therewith, including attorney's fees.

5.4 Construction and Renovation.

5.4.1 If on the Effective Date the "JUICE HEAVEN" Store, Location or Premises at which the "JUICE HEAVEN" Store will operate has not been constructed, or if the same has been constructed but does not comply with Company's current standards in effect for new

“JUICE HEAVEN” Stores, Franchisee shall at its sole cost and expense promptly cause the “JUICE HEAVEN” Store and Location to be constructed, equipped and improved in accordance with such standards and specifications. Except to the extent otherwise agreed to by Company, all fixtures, furnishings, equipment and signs (“Leasehold Improvements”) shall be purchased by Franchisee only from suppliers and manufacturers approved by Company.

5.4.2 Following the Effective Date and prior to any construction or renovation of the “JUICE HEAVEN” Store or Location, Company shall provide Franchisee with copies of Company’s specifications for the design and layout of the “JUICE HEAVEN” Store and required Leasehold Improvements. Franchisee shall, in all respects, comply with all such specifications and criteria unless Company shall, in writing, agree to modifications thereof. Franchisee shall employ architects, engineers and general contractors of its own selection, and at its sole cost and expense, to prepare such architectural, engineering and construction drawings and site plans, and/or to modify the standard architectural, engineering and construction drawings and site plans which may be provided by Company, and to obtain all Permits required to construct, remodel, renovate, and/or equip the “JUICE HEAVEN” Store and Location. All such drawings and plans, and all modifications and revisions thereto, shall be submitted to Company for its prior review and approval before Franchisee’s commencement of construction pursuant thereto. When completed, said “JUICE HEAVEN” Store and Location shall in all respect strictly comply with the Company’s specifications therefor, as modified or revised if applicable with Company’s prior written consent.

5.4.3 Franchisee shall complete construction or renovation, as the case may be, of the Location and “JUICE HEAVEN” Store and shall install all Leasehold Improvements therein as soon as possible, but in any event within 3 months after commencement of construction and in any event not later than 6 months following the Effective Date. At all times prior to Franchisee commencing the operation of the “JUICE HEAVEN” Store, Company shall have the right, and Franchisee shall provide access to Company, to inspect and examine the Premises, Location, “JUICE HEAVEN” Store and all Leasehold Improvements, for the purpose of insuring compliance with Company’s standards and specifications.

5.4.4 Franchisee shall commence the operation of the “JUICE HEAVEN” Store not later than 6 months following the Effective Date.

5.4.5 The time periods for the commencement and completion of construction and the installation of Leasehold Improvements as referred to in this Section 5.4 are of the essence of this Agreement. If Franchisee fails to perform its obligations contained in this Section, the Company may deem the Franchisee’s failure to so perform its obligations as aforesaid to constitute a material breach of this Agreement.

5.5 Maintaining and Remodeling of “JUICE HEAVEN” Store.

5.5.1 Franchisee at all times during the Term shall maintain the condition and appearance of its “JUICE HEAVEN” Store in accordance with the Manuals and consistent with the image of a “JUICE HEAVEN” Store as attractive, clean, and efficiently operated, offering high quality food products and beverages, efficient and courteous service, and pleasant ambiance. If at

any time in the Company's reasonable judgment, the general state of repair, appearance or cleanliness of the Location (including the "JUICE HEAVEN" Store and the non-Store portion of Franchisee's Location and Premises, and parking areas) or its Leasehold Improvements, does not meet the Company's standards therefor, Franchisee shall immediately upon receipt of notice from Company specifying the action to be taken by Franchisee to correct such deficiency, repair and refurbish the "JUICE HEAVEN" Store, the Location and the Premises, as applicable, and make such modifications and additions to its layout, decor and general theme, as may be required from time to time to maintain such condition, appearance, efficient operation, ambiance and overall image, including without limitation, replacement of worn out or obsolete Leasehold Improvements, and repair and paint the interior and exterior of the "JUICE HEAVEN" Store, and appurtenant parking areas (if any), and periodic cleaning and redecorating. Franchisee shall fully implement and complete such repairs, painting, refurbishment and changes within 90 days after receipt of said written notice. Such maintenance shall not be deemed to constitute remodeling, as set forth below.

5.5.2 From time to time during the Term, Company may require Franchisee at Franchisee's sole cost and expense to refurbish, remodel and improve the "JUICE HEAVEN" Store to conform the Franchisee's building design, trade dress, color schemes, and presentation of Marks to the Company's then current public image. Such a remodeling may include extensive structural changes to the "JUICE HEAVEN" Store and replacement or modification of Leasehold Improvements as well as such other changes as the Company may direct, and Franchisee shall undertake such a program promptly upon notice from the Company, and shall complete any such remodeling as expeditiously as possible, but in any event within 90 days of commencing same. Company may, on one or more occasions, waive or defer for such period of time as Company may deem appropriate, Franchisee's obligation to remodel any such "JUICE HEAVEN" Store, if Company determines in its reasonable judgment that any such "JUICE HEAVEN" Store is, on the date scheduled for commencement of such remodel, in substantial conformity with Company's then current standard system decor specifications, or if the proposed remodeling is within the last two years prior to the expiration of the Term (subject to Company's right to require remodeling, renovation or modernization as a condition to Franchisee's exercise of its Renewal Right as provided in Section 3.4).

5.5.3 If the "JUICE HEAVEN" Store is damaged or destroyed by fire or any other casualty, Franchisee, within 30 days thereof, shall initiate such repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion not more than 120 days after such fire or other casualty) such repairs or reconstruction, in order to restore the premises of the "JUICE HEAVEN" Store to its original condition prior to such casualty. If, in Company's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the "JUICE HEAVEN" Store in conformance with the then standard "JUICE HEAVEN" decor specifications, the Company may require Franchisee, by giving written notice thereof, that Franchisee repair or reconstruct the Location and "JUICE HEAVEN" Store in conformance with the then standard System decor specifications.

ARTICLE 6

TRAINING

6.1 Initial Training Program.

6.1.1 In consideration of the Training Fee, Company shall provide an initial training program in the Company's System and methods of operation concurrently to up to 4 persons selected by Franchisee and who shall include the general manager and assistant manager(s) of the "JUICE HEAVEN" Store. The initial training program shall consist of up to 40 hours of training as determined by company; provided, however, at Company's discretion, the initial training may be extended if Company determines that additional training is required, or shortened if, in Company's sole opinion, the trainees possess sufficient experience working at a "JUICE HEAVEN" store that the full initial training program is not warranted. The initial training program shall be given at one or more of the following locations: (i) Company's corporate headquarters, (ii) at a Company-owned or franchised "JUICE HEAVEN" Store, (iii) at Franchisee's Location, or (iv) at such place or places as may be designated by Company. The contents of the initial training program and manner of conducting such program shall be at Company's sole discretion and control, however, the training course will be structured to provide practical training in the implementation and operation of a "JUICE HEAVEN" Store and may include such topics as on-site smoothie, drink and food preparation, training, use of point of sale cash register and/or computer systems, inventory, cash handling, "JUICE HEAVEN" standards, personnel management, marketing techniques, reports, equipment maintenance, safety and security, customer service techniques and financial controls. The training shall also include qualification of Franchisee's initial trainees as "Certified Trainers" as described in Section 6.3. Franchisee acknowledges that because of Company's superior skill and knowledge with respect to the training and skill required to manage the "JUICE HEAVEN" Store, its judgment as to whether or not the Franchisee or Franchisee's trainees have satisfactorily completed such training shall be determined by Company in its sole subjective judgment, exercised in good faith.

6.1.2 Store Managers and Staff. Franchisee shall, at all times, employ a general manager and one or more assistant managers acceptable to Company each of whom shall have successfully attended and completed Company's training program (or shall have been trained by Franchisee's Certified Trainer) and been certified by Company as having been so trained in accordance with Section 6.3. Franchisee may not open its "JUICE HEAVEN" Store until such training shall have been successfully completed by Franchisee's general manager, assistant manager and Franchisee's management team and staff has been approved by Company. At least one certified general manager or one or more certified assistant managers shall be working at the "JUICE HEAVEN" Store at all times while the "JUICE HEAVEN" Store is open to the public and while preparing the Store for opening and closing each day. All other employees working at the "JUICE HEAVEN" Store shall be trained by Franchisee's Certified Trainer. Should Company determine that any proposed general manager, or assistant manager, has not satisfactorily completed Company's initial training program, or that Franchisee's training of any other employee is unsatisfactory, Company may require such person(s) (or a replacement trainee acceptable to Company) to undergo further training by Company at a time and place determined by Company, until Company is satisfied that Franchisee's trainee has satisfactorily completed the training. In such

circumstance, Franchisee shall advance or reimburse, at Company's option, all direct and indirect costs and expenses that Company may incur for the wages, transportation costs, food, lodging, and similar costs and expenses of Company's personnel, if conducted at the "JUICE HEAVEN" Store in Company's discretion, for the duration of the extended training, and Company's then current standard training fee and certification fee.

6.2 Designated Franchisee Representative. In the case of a Franchisee which is a Business Entity, Company may require Franchisee to designate an Owner, officer or other designated representative selected by Franchisee and acceptable to, and approved by Company to serve as Franchisee's primary contact with whom Company may communicate ("Designated Franchisee Representative"). Unless otherwise agreed in writing by Company, Franchisee, or if Franchisee is a Business Entity, the Designated Franchisee Representative shall upon Company's request become a Certified Trainer (as provided in Section 6.3) and thereafter train Franchisee's "JUICE HEAVEN" Store general manager, and assistant manager(s).

6.3 Certification Program. Company may, from time to time subject to Company's scheduling requirements (at first as part of the initial training provided pursuant to Section 6.1 and thereafter upon Franchisee's request), offer a "Certification Program" (as described in the Manuals) to train one or more of Franchisee's permanent employee(s) acceptable to Company, who will be responsible for training Franchisee's "JUICE HEAVEN" Store general managers, assistant managers and other staff. Each person who successfully completes the Certification Program shall be deemed, until further notice, to be a "Certified Trainer." Franchisee shall, at all times, employ at least one manager who shall have been trained by Company as a Certified Trainer. Franchisee's Certified Trainer may train Franchisee's general manager, assistant managers and staff for the "JUICE HEAVEN" Store, at Franchisee's sole cost and expense, and in the manner set forth in the Manuals, in lieu of such persons attending Company's training program; however, even if trained by Franchisee's Certified Trainer, each of Franchisee's Store managers (general and assistant) must, before functioning as a Store manager, receive certification by Company that they have been successfully trained and meet Company's qualifications and standards in effect from time to time, and Franchisee shall pay in advance Company's then current certification fee (presently \$500) for each such manager trainee seeking certification by Company. If a manager trainee fails certification, the trainee must reapply for certification (after being further trained by Franchisee) and pay the certification fee again.

6.4 Additional Training. Company may, from time to time, at its discretion, make available to Franchisee or its manager and/or Designated Franchisee Representative, or any of them, additional optional and/or mandatory training courses or programs during the term of this Agreement held on a national or regional basis at locations selected by Company to instruct Franchisee with regard to new and/or revised procedures or programs which Company deems, in its reasonable judgment, to be of material importance to the operation of the "JUICE HEAVEN" Store by its franchisees. The time and place of such training courses shall be at Company's sole discretion. Such supplementary training may relate, by way of illustration, to product production techniques, new recipes, marketing, bookkeeping, accounting and general operating procedures, and the establishment, development and improvement of computer systems. Company may establish charges applicable to all franchisees similarly situated for such optional and/or mandatory training courses.

6.5 Other Assistance.

6.5.1 Franchisee shall have the right, subject to the payment to Company of Company's then-current applicable charge(s) and reimbursement for Company's expenses, to inquire of Company's headquarters staff, its field representatives and training staff with respect to problems relating to the operation of the "JUICE HEAVEN" Store, by telephone or correspondence, and Company shall use its best efforts to diligently respond to such inquiries, in order to assist Franchisee in the operation of the "JUICE HEAVEN" Store. At no time shall Company's "best efforts" be interpreted to require Company to pay any money to Franchisee.

6.5.2 Company may, from time to time, at its discretion, cause its field representatives to visit Franchisee's "JUICE HEAVEN" Store for the purpose of rendering advice and consultation or training, with respect to the "JUICE HEAVEN" Store, its operation and performance, and compliance by Franchisee with the Manuals and this Agreement. If provided at the Franchisee's request, the Company may require the Franchisee to pay such training charges as may be then in effect, and to reimburse Company for all transportation costs, food, lodging and similar costs and expenses incurred by Company and its personnel in connection with such training.

6.5.3 In the event of any sale transfer, or Assignment, the transferee/assignee (and its managers) must be trained by Company as a condition of Company's consent to such transfer. The review fee and Transfer Fee shall be paid to Company in advance of the attendance at training by such transferee and its employees in accordance with Section 15.2.12 herein. No "JUICE HEAVEN" Store shall be opened or re-opened until Company certifies that the transferee is approved to operate the respective "JUICE HEAVEN" Store.

6.6 Franchisee's Training Expenses. Franchisee shall pay all wages, transportation costs, food, lodging and similar costs and expenses incurred in connection with attendance at any and all training provided by Company, and Company shall pay no compensation for any services performed by trainee(s) in connection with such training.

ARTICLE 7

OBLIGATIONS OF COMPANY

7.1 General. Company shall perform the following obligations:

7.1.1 To review and approve or disapprove the Franchisee's proposed Location;

7.1.2 To supply to Franchisee a set of standard decor and layout plans and to thereafter approve the initial decor and layout of Franchisee's "JUICE HEAVEN" Store as described in Section 5.4;

7.1.3 Subject to Section 8.5.2, to loan Franchisee a copy of its Manuals which contain mandatory and suggested specifications, standards and procedures. The Manuals are confidential and remains Company's property.

7.1.4 To provide the training and assistance described in Article 6.

7.1.5 To administer in good faith the advertising program described in Section 9.4, if and when implemented.

7.2 Company Default. Company shall not, and can not be held in breach of this Agreement until (i) Company has received written notice from Franchisee describing in detail any alleged breach from Franchisee; and (ii) Company has failed to remedy the breach within a reasonable period of time after such notice, which period shall not be less than 60 days plus such additional time as reasonably required by Company if because of the nature of the alleged breach it cannot reasonably be cured within said 60 days, provided Company promptly commences and continues diligently to cure such alleged breach.

7.3 No Other Obligations. Company shall not be obligated to provide any services to Franchisee except expressly provided herein and any and all other services which Company may provide to Franchisee during the Term shall be at its sole discretion and Company may cease to provide the same without notice of further obligation to Franchisee.

ARTICLE 8

MANUALS AND STANDARDS OF FRANCHISEE QUALITY, CLEANLINESS AND SERVICE

In order to promote the value and goodwill of Company's Marks and the System and to protect Company's Marks and the other "JUICE HEAVEN" Franchisees who comprise the "JUICE HEAVEN" franchise system, Franchisee shall conduct its business in accordance with the standards promulgated by Company as follows:

8.1 Product Line and Service. Franchisee shall serve all and only Authorized Products at or from the "JUICE HEAVEN" Store. Franchisee acknowledges that Authorized Products may differ at "JUICE HEAVEN" Stores, and may vary depending on the operating season and geographic location of the Franchisee's "JUICE HEAVEN" Store or other factors.

8.1.1 Franchisee shall not produce, advertise for sale, sell or give away any goods or services unless the same has been approved in the Manuals or in writing by Company as an Authorized Product approved for sale in Franchisee's "JUICE HEAVEN" Store and has not been thereafter disapproved in writing by Company.

8.1.2 All smoothies, juice, drinks and other food and beverage products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall conform strictly with the instructions and recipes provided

by Company or contained in Manuals, and with the further requirements of Company as they are communicated to Franchisee from time to time.

8.2 Sale at Retail; Containers, Fixtures and Other Goods. Franchisee agrees that all food, drink and other items shall be sold at retail, and not for resale, and served at the "JUICE HEAVEN" Store in approved containers (and packaging) bearing accurate reproductions of Company's Marks as may be required by Company. All containers, napkins, bags, cups, matches, menus and other packaging and like articles used in connection with Franchisee's "JUICE HEAVEN" Store shall conform to Company's specifications, shall be imprinted with Company's Marks and shall be purchased by Franchisee from Company or a Supplier specified in the Manual or approved in writing by Company, as provided in Article 10. No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils bearing any of Company's Marks shall be used in or upon any "JUICE HEAVEN" Store unless the same shall have been first submitted to and approved in writing by Company.

8.3 Menus. All Authorized Products shall be sold under the specific name, if any, designated by Company. Franchisee shall not add or remove any Authorized Product from the Franchisee's menu unless Franchisee is so instructed by Company.

8.3.1 Authorized Products shall be marketed by approved menu formats to be utilized in Franchisee's "JUICE HEAVEN" Store. The approved and authorized menu and menu format(s) may include, in Company's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu, whether or not similar to those listed. To the extent permitted by applicable law, Company may establish in the Manuals maximum retail prices for each Authorized Product. In Company's discretion, the menu and/or menu format(s) may vary depending upon region, market size, season and other factors. Company may change the menu and/or menu format(s) from time to time or region to region or authorize tests from region to region or authorize non-uniform regions or specific franchisee(s) within regions, in which case Franchisee will be given a reasonable time (not longer than 60 days) to discontinue use of any old menu format(s) and implement use of the new menu format(s).

8.3.2 Franchisee shall, upon receipt of notice from Company, add any Authorized Products according to the instructions and within the time specified in the notice. Franchisee shall cease selling any previously approved or discontinued product within 30 days after receipt of notice that the product is no longer approved.

8.4 POS System.

8.4.1 Franchisee shall purchase, use and maintain the point of sale cash collection system (the "POS System") as specified in the Manuals or otherwise by Company in writing for use in connection with the "JUICE HEAVEN" Store. The POS System may include a computer/file server, touch screen cash register, register tape printers, magnetic stripe reader and cash drawer. The POS System shall be connected to Company's computer systems via modem or other communications medium specified by Company and shall be formatted and configured in the manner specified by Company. In addition, the POS System must be able to create a sales mix file,

in the format defined by Company. The POS System must be connected to a telephone line (or other communications medium specified by Company) at all times and be capable of accessing the internet via a designated third party network (such as MSN, Worldnet, etc.) for the purpose of implementing software, transmitting and receiving data, accessing the internet for ordering and maintaining the POS System. Within a reasonable time upon Company's request, Franchisee shall apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase Authorized Products via such procedure, as specified by Company. Company may require Franchisee to upgrade the POS hardware and/or software from time to time upon written notice. Notwithstanding the foregoing, if any upgrade to the POS System costs more than \$5,000, Company shall give Franchisee 6 months to complete the upgrade and Franchisee shall not be required to upgrade the POS System for at least 3 years.

8.4.2 If Company shall designate certain computer software ("Proprietary Software") used in the operation of the POS System which is owned by Company, Company shall license such software to Franchisee. If Company so designates Proprietary Software, Franchisee shall enter into Company's then-current form of software license agreement with Company for the license of the Proprietary Software provided by Company in connection with the operation of POS System. From time to time, Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Software. Company shall provide to Franchisee, for a reasonable fee, such support services relating to the Proprietary Software as Company deems advisable. Franchisee must incorporate any required modifications or additions within thirty (30) days after receiving written notice from Company, unless a longer time period is stated in the notice.

8.5 Manuals. Franchisee shall operate the "JUICE HEAVEN" Store in strict compliance with the standard procedures, policies, rules and regulations established by Company and incorporated in the Manuals. The subject matter of the Manuals may include, without limitation, matters such as: forms, information relating to product and menu specifications, cash control, purchase orders, general operations, labor schedules, personnel, Gross Sales reports, payroll procedures, training and accounting; safety and sanitation; design specifications and color of uniforms; display of signs and notices; authorized and required equipment and fixtures, including specifications therefor; Mark usage; insurance requirements; lease requirements; decor; standards for management and personnel, hours of operation; local advertising formats; standards of maintenance and appearance of the "JUICE HEAVEN" Store; and required posting of notices to customers as to how to contact the Company to submit complaints. Without limiting the generality of the foregoing, the Company may establish emergency procedures pursuant to which it may require Franchisee to temporarily close the "JUICE HEAVEN" Store to the public, in which event Company shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby.

8.5.1 Company shall have the right to modify the Manuals at any time and from time to time by the addition, deletion or other modification to the provisions thereof. All such modifications shall be equally applicable to all similarly situated franchisees who are required by their franchise agreements to comply therewith, and no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications in the Manuals shall become effective upon delivery of written notice thereof to Franchisee unless a longer period is specified in such written notice. The Manuals, as modified from time to time as hereinabove provided shall be

an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manuals shall be deemed to mean the Manuals kept current by amendments from time to time.

8.5.2 Upon the execution of this Agreement, Company shall furnish to Franchisee one copy of the Manuals, unless Franchisee purchased the "JUICE HEAVEN" Store from an existing franchisee or entered into this Agreement as a renewal or extension of a pre-existing franchise agreement for the same Location. The Manuals and all amendments to the Manuals (and copies thereof) are copyrighted and remain Company's property. They are loaned to Franchisee for the term of this Agreement, and must be returned to Company upon the Agreement's termination or expiration. The Manuals are highly confidential documents which contain certain Trade Secrets of Company, and Franchisee shall never reveal, and shall take all reasonable precautions, both during and after the Term of this Agreement, to assure that its employees or any other party under Franchisee's control, shall never reveal any of the contents of the Manuals or any other publication, recipe or secret provided by Company, except as is necessary for the operation of Franchisee's "JUICE HEAVEN" Store. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Manuals to Company. Franchisee shall not make, or cause or allow to be made, any copies or reproductions of all or any portion of the Manuals without Company's express prior written consent.

8.6 Hours. Subject to Applicable Law to the contrary, Company and Franchisee agree that Franchisee's "JUICE HEAVEN" Store shall be open and operational during at least the minimum hours and days set forth on Exhibit B which is attached hereto and incorporated herein by this reference. Franchisee shall diligently and efficiently exercise its best efforts to achieve the maximum Gross Sales possible from its Location, and shall remain open for longer hours if additional opening hours are reasonably required to maximize operations and sales. Without limiting the foregoing, if the hours set forth in Exhibit B are incorrect in relation to the sales potential of Franchisee's "JUICE HEAVEN" Store, then Company and Franchisee shall reasonably adjust such hours by jointly establishing new hours of operation. It is acknowledged that the hours of other Franchisees will vary in relation to each respective location, and local legal restrictions, if any.

8.7 Compliance with Applicable Law. Franchisee shall operate its "JUICE HEAVEN" Store as a clean, orderly, legal and respectable place of business in accordance with Company's business standards and merchandising policies, and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of its Location or Premises to be used for any immoral or illegal purpose.

8.8 Signs, Designs and Forms of Publicity. Franchisee shall maintain suitable signs and/or awnings at, on, or near the front of the Location and Premises, identifying the Location as a "JUICE HEAVEN" Store, which shall conform in all respects to Company's specifications and requirements and the layout and design plan approved for the Location, subject only to restrictions imposed by Applicable Law. Without limiting the foregoing:

8.8.1 Franchisee will cause to have "JUICE HEAVEN" signs (a) on each pole sign and each monument sign existing or to be erected; (b) on any other free standing sign on the

Location existing or to be erected, (c) on two sides of the Location, and (d) a suspended window logo sign. All signs and logos must operate on timers which ensure that they remain lighted during all hours (even after closing) required by Company.

8.8.2 No sign used at or in connection with the "JUICE HEAVEN" Store shall contain any trademark, service mark, logo type or commercial symbol of any other person or Business Entity except as expressly authorized by Company in writing.

8.8.3 No exterior or interior sign or any design, advertisement, sign, or form of publicity, including form, color, number, location, and size, shall be used by Franchisee unless first submitted to Company and approved in writing (except with respect to prices).

8.9 Uniforms and Employee Appearance. Franchisee shall cause all employees, while working in "JUICE HEAVEN" Stores, to: (i) wear uniforms of such color, design, and other specifications as Company may designate from time to time, and (ii) present a neat and clean appearance. In the event the type of uniform utilized by Franchisee is removed from the list of approved uniforms, Franchisee shall have 180 days from receipt of written notice of such removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform.

8.10 Vending or Other Machines. Except with Company's prior written approval, Franchisee shall not cause or allow vending or game machines or any other mechanical device to be installed or maintained at the Location.

8.11 Co-Branding. Franchisee may not install any co-brand at Franchisee's Location without Company's prior written consent, which may be granted or withheld in its sole discretion, and, if granted may be subject to such terms and conditions as Company may establish. For the purpose of this article, a co-brand shall be defined as an independent operating system owned by another person or entity (and not by Company or any Affiliate) that is incorporated as an operational part within the Franchisee's Premises. An example would be an independent ice cream/yogurt operation installed within Franchisee's Location. Nothing herein shall prevent Company from co-branding or authorizing any third party to co-brand "JUICE HEAVEN" Stores in conjunction with such third party's operations.

ARTICLE 9

ADVERTISING AND CO-COPS

9.1 General Requirements. Franchisee shall conduct all local advertising and promotion in accordance with such policies and provisions with respect to format, content, media, geographic coverage and other criteria as are from time to time contained in the Manuals, or as otherwise directed by Company, and shall not use or publish any advertising material which does not conform to said policies and provisions or as to which Franchisee shall not have received Company's prior written approval. If Company shall not approve any proposed advertisement submitted by Franchisee for approval within 10 business days after Company's receipt thereof, such advertisement

shall be deemed disapproved. Franchisee may not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any Internet home page, website, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays the Marks, in whole or part, and Franchisee shall not cause or allow the Marks, or any of them, to be used or displayed in whole or part, as an Internet domain name, or on or in connection with any Internet home page, website, bulletin board, newsgroup or other Internet-related activity without Company's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Company may establish.

9.2 Local Advertising. Each calendar quarter, Franchisee shall expend an amount of not less than 2% of its Gross Sales for local advertising relating to Franchisee's "JUICE HEAVEN" Store. Such local advertising does not include the cost of Franchisee listing its Store in the white pages or yellow pages of such telephone directories distributed in Franchisee's area as Company authorizes or directs in accordance with Section 9.5. Amounts contributed to an Advertising Co-op, if any, pursuant to Section 9.3 during any calendar quarter shall be credited against Franchisee's local advertising requirement described in this Section 9.2. Franchisee shall deliver evidence of such expenditures in the form and manner prescribed by Company from time to time. Until further notice from Company, Franchisee shall deliver to Company quarterly (no later than the 15th day of the months of January, April, July, and October), copies of invoices showing that Franchisee made the required expenditures during the preceding calendar quarter. If the invoices submitted do not demonstrate expenditure of at least the minimum amount required for local advertising, Franchisee shall pay to Company the amount necessary to total 2% of Franchisee's Gross Sales during the prior quarter, less actual expenditures on local advertising. Those funds will be used by Company in accordance with Section 9.4, below.

9.3 Co-op Advertising. The Company shall have the right at any time to designate, and from time to time to redefine, a region (the "Advertising Co-op Region") within which the Store operated by Franchisee pursuant to this Agreement is located, which region may comprise a Designated Market Area established periodically by Nielson Media Research, an Area of Dominant Influence established periodically by Arbitron, a standard metropolitan statistical area or such other geographic area region established by Company from time to time to identify the market area in which the Franchisee's "JUICE HEAVEN" Store is located, which shall function for the purpose of creating a cohesive team (an "Advertising Co-op") to coordinate advertising, marketing efforts and programs and maximizing the efficient use of local and/or regional advertising media.

9.3.1 If and when Company creates a Advertising Co-op for the region in which Franchisee's "JUICE HEAVEN" Store is located, Franchisee (and, if Company owns a "JUICE HEAVEN" Store in such Advertising Co-op Region, Company), shall become subscribers and members of the Advertising Co-op and shall execute a subscription agreement on a form prescribed by Company, and participate therein in accordance with the Subscription Agreement and the Certificate of Incorporation and Bylaws of such Advertising Co-op. The geographic size, configuration and content of such regions, when and if established by the Company, shall be binding upon Franchisee, all other "JUICE HEAVEN" franchisees similarly situated who are by the terms of their franchise agreements required to participate, and Company, if Company owns and operates a Store in such Advertising Co-op Region; provided that the Company alone may from time to time (but not more frequently than one time per calendar year) amend the geographic size,

configuration and content of such Advertising Co-op Region. At all meetings of such Advertising Co-op, each participating Franchisee, as well as Company, if applicable, shall be entitled to one vote for each "JUICE HEAVEN" Store owned and located within the region of the Advertising Co-op. At any time upon reasonable notice, 20% of the eligible member votes, a majority of the directors of such Advertising Co-op (who shall be elected in accordance with the Bylaws of such Advertising Co-op), or Company by itself, may call a meeting of all members of a Advertising Co-op. Except for any amendment of the Certificate of Incorporation, Operating Agreement or By-laws of the Advertising Co-op (which shall require the affirmative vote of the Company), all matters concerning operation of a Advertising Co-op shall be decided by the affirmative vote of at least 66 2/3% of the eligible member votes, provided that a quorum is present, and such vote shall bind all members of said Advertising Co-op, including Company. For purposes hereof, a quorum shall consist of members entitled to cast at least 50% of the total number of votes in such Advertising Co-op.

9.3.2 Franchisee and other franchisees who are members of the Advertising Co-op will contribute to the Advertising Co-op such amount as may be determined by vote of the Advertising Co-op, not to exceed an amount equal to 3% of the Gross Sales of each Advertising Co-op member's "JUICE HEAVEN" Store(s) located in the region (the "Maximum Advertising Co-op Fee"). The precise amount of such contribution shall be established from time to time by the Advertising Co-op. Payments will be made monthly, on the same day as the Continuing Royalty payments pursuant to Section 4.2.

9.3.3 Each Advertising Co-op will (subject to Section 9.1) decide as to the usage of funds contributed pursuant to Section 9.3.2 for media time, production of media materials, whether for radio, television, newspapers or store level materials such as flyers, or posters, or for any other type of advertising or marketing use, and then such Advertising Co-op shall in writing request approval from Company to use said funds in said manner. Company shall not withhold approval unreasonably, but no placement of advertising or commitment of advertising funds on behalf of an Advertising Co-op will be made without Company's prior written approval. Company reserves the right to establish general standards concerning the operation of the Advertising Co-op, advertising agencies retained by Advertising Co-op, and advertising programs conducted by Advertising Co-op. From time to time Company may propose certain general or specific uses of the funds contributed pursuant to Section 9.3.2, and in each instance Franchisee shall attend (by any means permitted by the Advertising Co-op) and vote (by any means permitted by the Advertising Co-op) at a meeting of the Advertising Co-op wherein such proposal shall be considered.

9.4 Advertising Program.

9.4.1 Company shall administratively segregate on its books and records all Advertising Fees received from Franchisee and all other franchisees of Company. Nothing herein shall be deemed to create a trust fund, and Company may commingle Advertising Fees with its general operating funds and expend such sums in the manner herein provided. For each "JUICE HEAVEN" Store that Company or any of its Affiliate operates, Company or such Affiliate will similarly allocate Advertising Fees in the amount that would be required to be paid if a franchisee operated a franchised "JUICE HEAVEN" Store in the same location.

9.4.2 If Company expends less than the total of all Advertising Fees contributed by franchisees and allocated for "JUICE HEAVEN" Stores operated by Company and its Affiliates during any fiscal year, such excess may be accumulated for use during subsequent years. If Company advances money for advertising, Company will be entitled to be reimbursed for such advances, including interest at the rate equal to the Company's cost of funds. Each determination by Company of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

9.4.3 Company will expend an amount equal to all Advertising Fees contributed by franchisees and allocated for "JUICE HEAVEN" Stores operated by Company and its Affiliates for national, regional, or local advertising, public relations or promotional campaigns or programs designed to promote and enhance the image, identity or patronage of franchised and Company-owned "JUICE HEAVEN" Stores. Such expenditures may include, without limitation (a) expenditures to conduct marketing studies, and to produce and purchase advertising art, commercials, musical jingles, print advertisements, point of sale materials, media advertising, outdoor advertising art, and direct mail pamphlets and literature; and (b) a payment to Company or its Affiliates, for internal expenses incurred to administer the Advertising Fees. Company shall determine, in its final and subjective discretion, exercised in good faith, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns. Although the Company will attempt to allocate advertising expenditures fairly and in good faith, nothing herein shall be construed to require Company to allocate or expend Advertising Fees so as to benefit any particular franchisee or group of franchisees on a pro rata or proportional basis or otherwise. Company may make copies of advertising materials available to Franchisee with or without additional reasonable charge, as determined by Company. Any additional advertising shall be at the sole cost and expense of Franchisee.

9.4.4 Upon written request, Company shall furnish to Franchisee within 120 days after the end of each calendar year, a report for the preceding year, prepared and certified correct by an officer of the Company containing the calculations of the Advertising Fees which Company actually expended during such calendar year and the amount remaining which shall be carried over for use during the following year(s).

9.5 Telephone Numbers and Directory Advertising. In addition to the Advertising Fees, local advertising, and Franchisee's required expenditures for Co-op Advertising, Franchisee shall, at its sole expense, subscribe for and maintain throughout the Term, or such lesser period designated by Company, one or more listed telephone numbers which shall be listed in the white pages of such telephone directory or directories as Company may designate or approve which service Franchisee's Location and adjacent or nearby areas. Company reserves the right to establish general standards concerning directory and other types of advertising.

9.6 Promotional Campaigns. From time to time during the term hereof, Company shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as the Company may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale advertising material, posters, flyers,

product displays and other promotional material, and to the extent permitted by Applicable Law may establish the maximum prices which Franchisee may impose for products offered in the promotion.

ARTICLE 10

DISTRIBUTION AND PURCHASE OF EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS

10.1 "JUICE HEAVEN" Brand Products. At all times throughout the Term, Franchisee shall purchase and maintain in inventory such types and quantities of Authorized Products as are needed to meet reasonably anticipated consumer demand. Franchisee shall purchase "Juice Heaven" Brand Products solely and exclusively from Company or its designated third party Suppliers; provided certain Brand Products consisting of menu items shall be mixed, cooked, produced, prepared or manufactured by Franchisee at the "JUICE HEAVEN" Store, in which case they shall be prepared in strict accordance with Company's recipes and formulas using ingredients purchased by Franchisee pursuant to Section 10.2 and 10.3 below, as applicable. All Authorized Products and Juice Heaven Brand Products shall be used, offered and sold by Franchisee only in the ordinary course of business on a retail basis, at the "JUICE HEAVEN" Store pursuant hereto, or at other "JUICE HEAVEN" Stores opened by Franchisee under the Marks and in accordance with the System pursuant to other validly subsisting franchise agreements with Company.

10.2 Proprietary Products. Company may, from time to time throughout the Term hereof in its sole subjective discretion exercised in good faith, require that Franchisee purchase, use, offer and/or promote, and maintain in stock at the "JUICE HEAVEN" Store in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary Ingredients, baked goods, and other food, products, beverages, condiments and other products, which are grown, produced or manufactured in accordance with Company's proprietary recipes, specifications and/or formulas and which Company designates as "proprietary" ("Proprietary Products"). Franchisee shall purchase Proprietary Products only from Company (if it sells the same) or its designees. Company shall not be obligated to reveal such recipes, specifications and/or formulas of such Proprietary Products to Franchisee, non-designated suppliers, or any other third parties.

10.3 Non-Proprietary Products. Company may designate certain Ingredients, baked goods, and other food products, condiments, beverages, raw materials, paper goods, fixtures, furnishings, equipment, uniforms, supplies, menus, packaging, forms, POS and cash register systems, computer hardware, software, modems and peripheral equipment and other products, supplies and equipment (other than Proprietary Products and Juice Heaven Brand Products) which Franchisee may or must use and/or offer and sell at the "JUICE HEAVEN" Store ("Non-Proprietary Products"). Franchisee may, but shall not be obligated to, purchase such Non-Proprietary Products from Company, if Company supplies same. Franchisee may use, offer or sell only such Non-Proprietary Products that Company has expressly authorized, or that were purchased or obtained from Company or a producer, manufacturer, supplier or distributor ("Supplier") designated or approved by Company pursuant to Section 10.3.2 below.

10.3.1 Franchisee may purchase authorized Non-Proprietary Products from (i) Company, (ii) Suppliers designated by Company, or (iii) Suppliers selected by Franchisee and approved in writing by Company prior to Franchisee making such purchase(s). Each such Supplier designated or approved by Company must comply with Company's usual and customary requirements regarding insurance, indemnification, and non-disclosure, and shall have demonstrated to the reasonable satisfaction of Company: (a) its ability to supply a Non-Proprietary Product meeting the specifications of Company, which may include, without limitation, specifications as to brand name and model, contents, quality, freshness and compliance with governmental standards and regulations; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to price such products in a competitive manner.

10.3.2 If Franchisee should desire to procure authorized Non-Proprietary Products from a Supplier other than Company or one previously approved or designated by Company, Franchisee shall deliver written notice to Company of its desire to seek approval of such Supplier, which notice shall (i) identify the name and address of such Supplier, (ii) contain such information as may be requested by Company or required to be provided pursuant to the Manuals (which may include reasonable financial, operational and economic information regarding its business), and (iii) identify the authorized Non-Proprietary Products desired to be purchased from such Supplier. Company shall, upon request of Franchisee, furnish to Franchisee specifications for such Non-Proprietary Products if such are not contained in the Manuals. The Company may thereupon request that the proposed Supplier furnish Company at no cost to Company product samples, specifications and such other information as Company may require. Company or its representatives shall also be permitted to inspect the facilities of the proposed Supplier and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for other "JUICE HEAVEN" Stores.

(a) Company will use its good faith efforts to notify Franchisee of its decision within 90 days after Company's receipt of Franchisee's request for approval and other requested information and items in full compliance with Section 10.3.2. Nothing in this Article shall require Company to approve any distributor, and without limiting Company's right to approve or disapprove a Supplier in its discretion, Franchisee acknowledges that it is generally disadvantageous to the system generally from a cost and service basis to have more than one distributor in any given market area and that among the other factors Company may consider in deciding whether to approve a proposed Supplier, it may consider the effect that such approval may have on the ability of Company and its franchisees to obtain the lowest distribution costs and on the quality and uniformity of products offered system-wide by "JUICE HEAVEN" franchisees. Company may revoke its approval upon the Supplier's failure to continue to meet any of Company's criteria.

(b) As a further condition of such approval, Company may require such Supplier to agree in writing: (i) to provide from time to time upon Company's request free samples of any Non-Proprietary Product it intends to supply to Franchisee, (ii) to faithfully comply with Company's specifications for applicable Non-Proprietary Products sold by it, (iii) to sell any Non-Proprietary Product bearing the Marks only to franchisees of Company and only pursuant to a trademark license agreement in form prescribed by Company (which may require payment of a royalty), (iv) to provide to Company duplicate purchase invoices for Company's records and inspection purposes and (v) to otherwise comply with Company's reasonable requests.