

(c) Franchisee or the proposed Supplier shall pay to Company in advance all of Company's reasonably anticipated costs in reviewing the application of the Supplier to service the Franchisee and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, reinspecting and auditing the Suppliers' facilities, equipment, and food products, and all product testing costs paid by Company to third parties.

10.4 Purchases from Company, Extensions of Credit.

10.4.1 Company shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by events or circumstances beyond Company's reasonable control including such events as labor or material shortages, conditions of supply and demand, import/export restrictions, or disruptions in Company's supply sources. In the event from time to time that the available supply of any product is inadequate to fulfill the needs or orders of all Stores operated by Company, its Affiliates and its franchisees, including Franchisee, Company shall make such allocations of product as it may decide in good faith.

10.4.2 All product orders by Franchisee shall be subject to acceptance by Company at Company's designated offices, and Company reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Franchisee shall submit to Company, upon written request, financial statements which contain sufficient information to enable Company to determine the credit limits, if any, to be extended to Franchisee. Company, in its sole discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis.

10.4.3 Each order placed by Franchisee, whether oral or written, for any product shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of such order conflicts with any term or condition of this Agreement, and shall include such information as Company may from time to time specify, and shall be submitted on such form of purchase order as may be prescribed by Company from time to time. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Company, nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time, is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Company unless such term or condition shall have been expressly accepted by Company in writing.

10.4.4 To the extent that Company is the distributor or supplier of any "JUICE HEAVEN" Brand Products, Proprietary Products or Non-Proprietary Products, Company shall sell the same to Franchisee at Company's then current published prices and terms charged to similarly situated franchisees, which may be changed or modified from time to time without prior notice, and which may include a profit to Company. To the extent that Company is not the distributor or supplier of any "JUICE HEAVEN" Brand Products, Proprietary Products or Non-Proprietary Products, Franchisee acknowledges that Company may receive a marketing fee, administrative fee or

other payments and allowances from Suppliers on account of purchases made by Franchisee and other franchisees operating under the System.

10.5 Purchase/Distribution Programs. Franchisee agrees that at such times that Company establishes a regional purchase or distribution program, or both, for any of the Franchisee's goods, raw materials or supplies, which may benefit Franchisee by reduced price, lower labor costs, production of improved Authorized Product(s), increased reliability in supply, improved distribution, cost control (establishment of consistent pricing for reasonable periods to avoid market fluctuations), improved operations by Franchisee or other tangible benefits to Franchisee, Franchisee will participate in such purchasing program in accordance with the terms of such program.

10.6 Test Marketing. Company may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the "JUICE HEAVEN" Store. Franchisee shall cooperate with Company in connection with the conduct of such test marketing programs and shall comply with the Company's rules and regulations established from time to time in connection herewith.

10.7 Customer Lists. At Company's request, Franchisee shall use reasonable efforts to secure the names and addresses of its customers at the "JUICE HEAVEN" Store and shall allow such information to be used by Company.

ARTICLE 11

REPORTS, BOOKS AND RECORDS, INSPECTIONS

11.1 General Reporting. Franchisee shall submit monthly financial reporting forms and such other financial, operational and statistical information as Company may require to: (i) assist Franchisee in the operation of its "JUICE HEAVEN" Store in accordance with the System; (ii) allow Company to monitor the Franchisee's Gross Sales, purchases, costs and expenses; (iii) enable Company to develop chain wide statistics which may improve bulk purchasing; (iv) assist Company in the development of new Authorized Products or the removal of existing unsuccessful products; (v) enable Company to refine existing Authorized Products; (vi) generally improve chain-wide understanding of the System (collectively, the "Information"). Without limiting the generality of the foregoing:

11.1.1 Franchisee will allow Company to poll on a daily basis at a time selected by the Company the Franchisee's "JUICE HEAVEN" Store computerized POS system to retrieve sales, usage, and operations data.

11.1.2 On or before noon (pacific standard time) each Tuesday, during the Term hereof, Franchisee shall submit a weekly sales summary, on a form prescribed from time to time by Company, reporting all Gross Sales for the preceding week (defined as the seven day period beginning each Monday and ending on the following Sunday) either by facsimile or by any other electronic means prescribed by Company.

11.1.3 On or before the 10th day of each month, or fiscal period, during the Term hereof, Franchisee shall submit a monthly sales summary signed by Franchisee, on a form prescribed from time to time by Company, reporting all Gross Sales for the preceding month, or fiscal period as applicable, together with such additional financial information as Company may from time to time request.

11.1.4 On or before the 30th day following each calendar quarter during the Term hereof, Franchisee shall submit to Company financial statements for the preceding quarter, including a Balance Sheet and Profit and Loss Statement, prepared in the form and manner prescribed from time to time by the Company and in accordance with generally accepted accounting principles, which shall be certified by Franchisee to be accurate and complete. Franchisee shall also provide Company with quarterly sales and menu mix data in the format and manner prescribed by Company.

11.1.5 Franchisee shall submit to Company a semi-annual Profit and Loss Statement, signed and certified by Franchisee. The Profit and Loss Statement shall be prepared by a Certified or Public Accountant, in accordance with generally accepted accounting principles, and shall provide Franchisee's sales, expenses and financial status with respect to Franchisee's "JUICE HEAVEN" Store. Franchisee shall submit to Company a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. Franchisee shall also provide Company with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority. Company reserves the right to require such further information concerning Franchisee's "JUICE HEAVEN" Store as Company may from time to time reasonably request.

11.1.6 Within 60 days following the end of each calendar year, Franchisee shall submit to Company an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed from time to time by Company, which shall be certified by Franchisee to be accurate and complete.

11.1.7 Franchisee shall immediately (in no event more than 24 hours following) notify Company of any (a) incident that may adversely affect the operation or financial condition of Franchisee's "JUICE HEAVEN" Store, Company or its Affiliates; (b) legal action (including the commencement of a suit or proceeding, or the threat thereof), (c) issuance of any writ, order, injunction, award or decree of any court, agency or Government authority, including any citation, fine or closing order, or (d) any other adverse inquiry, notice, demand or sanction received by Franchisee relating to the operation of the "JUICE HEAVEN" Store or Location, including any alleged violation of any Applicable Law, including health, safety or employment law violations, and including any labor dispute or actual or threatened labor strike, work stoppage, lock-out or other incident relating to any labor agreement, and shall provide Company with copies of all related correspondence and other communications and information relating thereto.

11.2 Inspections. Company's authorized representatives shall have the right to enter Franchisee's Location and "JUICE HEAVEN" Store during business hours, with or without notice, without unreasonably disrupting Franchisee's business operations, for the purposes of examining same, conferring with Franchisee's employees, inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment, and determining whether

the business is being conducted in accordance with this Agreement, the System and the Manuals. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Manuals, including but not limited to quality, cleanliness, service, health and authorized product line, Company will notify Franchisee in writing of Franchisee's non-compliance with the Manuals, the System, or this Agreement. Franchisee shall have 24 hours after receipt of such notice, or such other greater time period as Company in its sole discretion may provide, to correct or repair such deficiency or unsatisfactory condition, if it can be corrected or repaired within such period of time. If not, Franchisee shall within such time period commence such correction or repair and thereafter diligently pursue it to completion.

11.3 Audits. Upon 10 days prior written notice, Company, its agents or representatives may audit Franchisee's books and records in accordance with generally accepted standards established by certified public accountants. In connection with such audit(s) or other operational visits, Franchisee shall keep its cash receipts records, monthly control forms, accounts payable records including all payments to Franchisee's Suppliers in its "JUICE HEAVEN" Store or at its business office for 5 years after their due date, which records shall be available for examination by Company or its representative(s), at Company's request. Without any prior written notice, Company, its agents or representatives may inspect Franchisee's entire "JUICE HEAVEN" Store and Franchisee's daily, weekly and monthly statistical information which is required under the Operational Manual. Franchisee shall make such information available for such inspections in recognition that an operational inspection cannot succeed without review of essential statistical information. If any audit or other investigation reveals an under-reporting or under-recording error of 5% percent or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Company, plus interest at the highest compound rate authorized by law, but not to exceed the rate of 15% percent per annum.

ARTICLE 12

MARKS

12.1 Use of Marks. Subject to Section 12.7, the "JUICE HEAVEN" Store herein licensed and franchised shall be named "JUICE HEAVEN" without any suffix or prefix attached thereto and Franchisee shall use and display such of the Company's Marks and such signs, advertising and slogans as Company may from time to time prescribe or approve. Upon expiration or sooner termination of this Agreement, Company may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary in Company's judgment to end and cause the discontinuance of Franchisee's use of the Marks and Company is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact so to do. During the Term, Franchisee shall identify its "JUICE HEAVEN" Store as an independently owned and operated franchise of Company, in the form and manner specified by Company, including, without limitation, on all invoices, order forms, receipts, checks, business cards, on posted notices located on the premises of the "JUICE HEAVEN" Store and in other media and advertisements as Company may direct from time to time.

12.2 Non-Use of Trade Name. If Franchisee is a Business Entity, it shall not use Company's Marks, or Company's trade name, or any words or symbols which are confusingly similar to the Marks, as all or part of Franchisee's name.

12.3 Use of Other Marks. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Business Entity in connection with the operation of the "JUICE HEAVEN" Store without the express prior written consent of Company, which may be withheld in its sole subjective discretion.

12.4 Non-ownership of Marks. Nothing herein shall give Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained.

12.5 Defense of Marks. If Franchisee receives notice, or is informed, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter on account of its use of the Marks in accordance with the terms of this Agreement, Franchisee shall promptly notify Company of any such claim, suit or demand. Thereupon, Company shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim by any third party; Company shall not be obligated to take any such action, however. Franchisee shall not settle or compromise any such claim by a third party without the prior written consent of Company. Company shall have the sole right to defend, compromise or settle any such claim, in its discretion, at Company's sole cost and expense, using attorneys of its own choosing, and Franchisee shall cooperate fully with Company in connection with the defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Company's decisions with regard thereto shall be final.

12.6 Prosecution of Infringers. If Franchisee shall receive notice or is informed or learns that any third party, which it believes to be unauthorized to use the Marks, is using the Marks or any variant thereof, Franchisee shall promptly notify Company of the facts relating to such alleged infringing use. Thereupon, Company shall, in its sole discretion, determine whether or not it wishes to take any action against such third person on account of such alleged infringement of the Marks. Franchisee shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement.

12.7 Modification of Marks. From time to time, in the Manuals or in directives or bulletins supplemental thereto, Company may add to, delete or modify any or all of the Marks. Franchisee shall at its cost and expense, use, or cease using, as may be applicable, the Marks, including but not limited to, any such modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, in strict accordance with the procedures, policies, rules and regulations contained in the Manuals or in written directives issued by Company to Franchisee, as though they were specifically set forth in this Agreement.

12.8 Acts in Derogation of the Marks. Franchisee agrees that the Marks are the exclusive property of Company and Franchisee now asserts no claim and will hereafter assert no claim to any

goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of Company in connection with the same, either during the Term of this Agreement or thereafter, and that it will use the Marks only for the uses and in the manner licensed and/or franchised hereunder and as herein provided. Without limiting the foregoing, Franchisee shall not interfere in any manner with, or attempt to prohibit, the use of Company's Marks by any other franchisee or licensee of Company.

12.9 Assumed Name Registration. If Franchisee is required to do so by any statute or ordinance, Franchisee shall promptly upon the execution of this Agreement file with applicable government agencies or offices, a notice of its intent to conduct its business under the name "JUICE HEAVEN". Promptly upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints Company as its attorney-in-fact to do so for and on behalf of Franchisee.

ARTICLE 13

COVENANTS REGARDING OTHER BUSINESS INTERESTS

13.1 Non-Competition. Franchisee acknowledges that the "JUICE HEAVEN" System is distinctive and has been developed by Company at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and Trade Secrets regarding the "JUICE HEAVEN" System. Franchisee recognizes its obligations to keep confidential such information as set forth herein. Franchisee therefore agrees as follows:

13.1.1 During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more subsidiaries or Affiliated companies, engage in any Competitive Activities at any location, whether within or outside the Protected Territory, unless Company shall consent thereto in writing.

13.1.2 To the extent permitted by Applicable Law, upon the expiration or termination of this Agreement, or if Franchisee shall make any Assignment to any person or Business Entity, or if any Owner, officer or director of Franchisee shall terminate his or her relationship with Franchisee, then for a period of 24 months thereafter, each person who was a Restricted Person before that event shall not in any capacity, either directly or indirectly, through one or more subsidiaries or Affiliated companies, engage in any Competitive Activities, (i) within the County in which any "JUICE HEAVEN" Store operated by Franchisee is or was located, or (ii) within an area within ten (10) miles from the Location or any then existing "JUICE HEAVEN" Store, without the Company's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Company or other franchisees or area Franchisees of the Company.

13.1.3 The parties have attempted in Sections 13.1.1 and 13.1.2 above to limit the Restricted Person's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 13.1.1 and 13.1.2 is disputed at any time by a Restricted Person, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, the Company reserves the right to reduce the scope of either, or both, of said provisions without the consent of Franchisee or any Restricted Person, at any time or times, effective immediately upon notice to Franchisee.

13.2 Trade Secrets.

13.2.1 Company possesses and continues to develop, and during the course of the relationship established hereunder, Franchisee shall have access to, proprietary and confidential information, including the Proprietary Software (and related documentation), Manuals, recipes, secret ingredients, specifications, procedures, concepts and methods and techniques of operating the "JUICE HEAVEN" Store and producing Authorized Products (the "Trade Secrets"). Company will disclose certain of its Trade Secrets to Franchisee in the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through the Company's training program and other guidance and management assistance, and in performing Company's other obligations and exercising Company's rights under this Agreement. Except as provided in Section 13.2.3, the term "Trade Secrets" shall not include information which: (a) has entered the public domain or was known to Franchisee prior to Company's disclosure of such information to Franchisee, other than by the breach of an obligation of confidentiality owed (by anyone) to Company; (b) becomes known to Franchisee from a source other than Company and other than by the breach of an obligation of confidentiality owed (by anyone) to Company; or (c) was independently developed by Franchisee without the use or benefit of any of the Company's Trade Secrets. The burden of proving the applicability of the foregoing will reside with Franchisee.

13.2.2 Franchisee shall acquire no interest in the Trade Secrets other than the right to use them in developing and operating the "JUICE HEAVEN" Store at the Location during the Term of this Agreement. Franchisee's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Franchisee shall: (i) not use the Trade Secrets in any business or other endeavor other than in connection with the "JUICE HEAVEN" Store; (ii) maintain absolute confidentiality of the Trade Secrets during and after the Term of this Agreement; (iii) make no unauthorized copy of any portion of the Trade Secrets, including without limitation, the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral; and (iv) operate and implement all reasonable procedures prescribed from time to time by Company to prevent unauthorized use and disclosure of the Trade Secrets, including without limitation, restrictions on disclosure to employees and use of non-disclosure and non-competition provisions as Company prescribes in employment agreements with employees who may have access to the Trade Secrets. Promptly upon Company's request, Franchisee shall deliver executed copies of such agreements to Company.

13.2.3 Franchisee acknowledges and agrees that any recipes, formulae, patents, trademarks, copyrights, inventions, processes or proprietary information developed during the Term by Franchisee, its agents, representatives or employees, that are related to the System or the opera-

tion of a JUICE HEAVEN Store, including any translations, adaptations and derivative works, shall be the exclusive property of Company and shall be deemed to be Trade Secrets hereunder whether or not developed in whole or in part by Franchisee. Developer shall notify Company of the discovery or creation of any such thing and shall execute such assignments and instruments as Company may request and take all steps required by Company to protect and ensure Company ownership.

13.2.4 In the event any portion of the above covenants violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Company and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Company may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Section 13.2 shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement, or pursuant to Applicable Law.

13.3 Franchisee's Affiliates. For purposes of this Article only, "Franchisee" shall mean and include the individual Franchisee; Franchisee's spouse and minor children and its Owners, officers and directors if Franchisee is a Business Entity and Franchisee shall, except as Company may otherwise agree, cause each such person to acknowledge and agree to be bound by the provisions of Sections 13.1 and 13.2. The provisions of this Article shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Company for any infringement of, violation of, or interference with, this Agreement, or Company's Marks, System, Trade Secrets, or any other proprietary aspects of Company's business.

ARTICLE 14

INTERFERENCE WITH EMPLOYMENT RELATIONS

14.1 Prohibitions During Term. During the Term of this Agreement, Franchisee shall not, without the prior written consent of Company, directly or indirectly: (a) employ or attempt to employ any person who at that time is employed by Company, an Affiliate of Company, or any other franchisee or area developer of Company, including, without limitation, any manager or assistant manager; (b) employ or attempt to employ any person who within six (6) months prior thereto had been employed by Company, an Affiliate of Company, or any other franchisee or area developer of Company; or (c) induce or attempt to induce any person to leave his or her employment with Company, an Affiliate of Company, or any other franchisee or area developer of Company.

14.2 Prohibitions After Term. The prohibitions set forth in Section 14.1 above shall also apply during the one (1) year period after the expiration, termination or Assignment of this Agreement.

14.3 Prohibitions Applicable to Company. During the Term of this Agreement, Company shall not, without the prior written consent of Franchisee, directly or indirectly: (a) employ or

attempt to employ any person who at that time is employed by Franchisee or an Affiliate of Franchisee; or (b) induce or attempt to induce any person to leave his or her employment with Franchisee or an Affiliate of Franchisee.

ARTICLE 15

NATURE OF INTEREST, ASSIGNMENT

15.1 Assignment by Company. This Agreement is fully transferable by Company, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Company's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement. Without limiting the foregoing, Company may (i) assign any or all of its rights and obligations under this Agreement to a subsidiary or Affiliated entity; (ii) sell its assets, its Marks, or its System outright to a third party (including or subject to this Agreement); (iii) go public; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Company shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment.

15.2 Assignment by Franchisee.

15.2.1 The rights and duties created by this Agreement are personal to Franchisee. Accordingly, except as otherwise may be permitted herein, neither Franchisee nor any Owner shall directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or in all or substantially all of the assets of the "JUICE HEAVEN" Store, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise (an "Assignment"), without Company's prior written consent. Any such purported Assignment occurring by operation of law or otherwise without Company's prior written consent shall constitute a default of this Agreement by Franchisee, and shall be null and void. Except in the instance of Franchisee advertising to sell its "JUICE HEAVEN" Store pursuant to the terms hereof, Franchisee shall not, without Company's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Franchisee's Lease or the real or personal property used in connection with Franchisee's "JUICE HEAVEN" Store. Franchisee shall not subfranchise, subcontract, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Franchisee the right to do so. Any request by Franchisee to enter into an Assignment must be made in writing and delivered to Company at the address specified in accordance with Article 20. Company shall use reasonable efforts to respond to such written request within 30 days of its receipt thereof, and Company's failure to respond within such period shall be deemed to be Company's disapproval of Franchisee's request for an Assignment.

15.2.2 If Franchisee is a Business Entity, each of the following shall be deemed to

be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of 50% or more in the aggregate, whether in one or more transactions, of the capital stock, membership interests or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes management control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the shareholders, members or partners existing as of the Effective Date, as applicable, owning 50% or less of the outstanding shares, membership interests or voting power of Franchisee as constituted as of the date hereof; (iii) if Franchisee is a Partnership, the withdrawal, death or legal incapacity of a general partner or limited partner owning 50% or more of the Partnership Rights of the Partnership, or the admission of any additional general partner or the transfer by any general partner of any of its Partnership Rights in the Partnership; (iv) the death or legal incapacity of any shareholder, member or partner owning 50% or more of the capital stock, voting power, or Partnership Rights of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer control of the Franchisee, however effected.

Without limiting Company's discretion in granting or withholding its consent to any Assignment, Company may impose any or all of the following conditions thereto:

15.2.3 Upon the execution of this Agreement and upon each direct or indirect transfer of an interest in this Agreement or in Franchisee and at any other time upon Company's request, Franchisee shall, within 5 days prior to such transfer or at any other time at Company's request, furnish Company with an estoppel agreement indicating any and all causes of action, if any, that Franchisee may have against Company or if none exist, so stating, and a list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Company may require;

15.2.4 Franchisee's written request for consent to any Assignment must be accompanied by an offer to Company of a right of first refusal at the same cash price offered by any bona fide buyer (the proposed buyer may not offer non-cash consideration). Company shall have the right and option, exercisable within 15 days after receipt of such written notification, to send written notice to Franchisee or such person that Company or its third-party designee, intends to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party. Any material change in the terms of an offer prior to closing shall cause it to be deemed a new offer, subject to the same right of first refusal by Company, or its third-party designee, as in the case of the initial offer. Company's failure to exercise such option shall not constitute a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer;

15.2.5 The Franchisee is not in default under the terms of this Agreement, the Manuals or any other obligations owed Company, and all of its then-due monetary obligations to Company have been paid in full;

15.2.6 The Franchisee and its Owners, if the Franchisee is a Business Entity, have executed a general release under seal, in a form prescribed by Company, of any and all claims against Company, its Affiliates, subsidiaries, shareholders, directors, officers, and employees;

15.2.7 The transferee/assignee shall have submitted to Company an application in the form and manner prescribed by Company, including financial and background information, and shall have demonstrated to Company's satisfaction that it meets all of Company's then-current requirements for new Franchisees or for holders of an interest in a franchise, including, without limitation, possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, and the ability to fully comply with the terms of this Agreement;

15.2.8 The transferee/assignee has assumed this Agreement by a written assumption agreement approved by Company, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Company;

15.2.9 The transferee/assignee, its manager(s) any other employees responsible for the operation of the "JUICE HEAVEN" Store have satisfactorily completed Company's training program and received certification by Company;

15.2.10 The transferee/assignee executes such other documents as Company may require, including a replacement franchise agreement on the form then currently being provided to prospective franchisees, or if not then being so provided, then such form selected by the Company which previously shall have been delivered to and executed by a franchisee or area Franchisee of Company.

15.2.11 The Franchisee transfers all Franchise Agreements between Franchisee and Company to the same transferee/assignee; and

15.2.12 Upon submission Franchisee's request for Company's consent to any proposed Assignment, Franchisee shall pay to Company (a) a non-refundable review fee in the amount of \$700 and (b) a transfer fee ("Transfer Fee") in the amount of \$2,000.00, payable upon the approval of such proposed Assignment, which shall be refundable, if at all, only if the Assignment does not close.

15.2.13 Company's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise.

15.3 Business Entity Franchisee. If a Franchisee is a Business Entity, the following provisions will apply:

15.3.1 Franchisee represents and warrants that the information set forth in Exhibit C, which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Company in writing within 10 days of any change in the information set forth in Exhibit C. Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

15.3.2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws,

shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of "JUICE HEAVEN" Stores, pursuant to one or more franchise agreements from Company. Franchisee shall submit to Company, upon the execution of this Agreement and thereafter from time to time upon Company's request, a resolution of Franchisee (or its governing body) confirming that Franchisee is in compliance with this provision.

15.3.3 Upon the execution of this Agreement, upon each transfer of an interest in Franchisee, and at any other time upon Company's request, all holders of a 10% or greater interest in Franchisee will execute a written agreement in a form prescribed by Company, the current form of which is attached hereto as of Exhibit D, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other holders of a 10% or greater interest in Franchisee the full payment and performance of Franchisee's obligations to Company and to Company's Affiliates.

ARTICLE 16

DEFAULT AND TERMINATION

16.1 General. Company shall have the right to terminate this Agreement prior to its scheduled expiration date pursuant to Section 3.1 only for "cause". "Cause" is hereby defined as a material breach of this Agreement. Company shall exercise its right to terminate this Agreement upon notice to Franchisee upon the following circumstances and manners.

16.2 Automatic Termination Without Notice. Subject to Applicable Laws of the jurisdiction in which Franchisee's "JUICE HEAVEN" Store is located to the contrary, Franchisee shall be deemed to be in material breach under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee if: (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors; (ii) Franchisee shall allow a judgment against him in the amount of more than \$5,000 to remain unsatisfied for a period of more than 30 days (unless a supersedeas or other appeal bond has been filed); (iii) the "JUICE HEAVEN" Store or Location, or the Franchisee's assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30) days (unless a supersedes or other appeal bond has been filed); (iv) a levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the "JUICE HEAVEN" Store, and it is not discharged within 5 days of such levy or attachment; (v) Franchisee permits any mechanics lien to attach to the "JUICE HEAVEN" Store or to any equipment or other Leasehold Improvements; (vi) Franchisee allows or permits any judgment to be entered against Company or its subsidiaries or Affiliated corporations, arising out of or relating to the operation of Franchisee's "JUICE HEAVEN" Store; or (vii) Franchisee is convicted of any felony, or any criminal misconduct relevant to the operation of the "JUICE HEAVEN" Store.

16.3 Option to Terminate Without Notice. Franchisee shall be deemed to be in material breach and Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Company upon the occurrence of any of the following events:

16.3.1 Abandonment. If Franchisee shall abandon the "JUICE HEAVEN" Store. For purposes of this Agreement, "abandon" shall refer to (i) Franchisee's failure, at any time during the term of this Agreement, to keep the "JUICE HEAVEN" Store open and operating for business for a period of 5 consecutive days, except as provided in the Manuals, (ii) Franchisee's failure to keep the "JUICE HEAVEN" Store open and operating for any period after which it is not unreasonable under the facts and circumstances for Company to conclude that Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to Force Majeure, and (iii) failure to actively and continuously maintain and answer Franchisee's telephone;

16.3.2 Assignment, Death or Incapacity. If Franchisee shall purport to make any Assignment without the prior written consent of Company; provided, however, that on written request and on condition that the "JUICE HEAVEN" Store continues to be operated in conformity with this Agreement, (i) upon the death or legal incapacity of a Franchisee who is an individual, Company shall allow up to 6 months after such death or legal incapacity for the heirs, personal representatives, or conservators (the "Heirs") of Franchisee either to enter into a new Franchise Agreement upon Company's then current form (except that no initial franchise fee or transfer fee shall be charged), if Company is subjectively satisfied that the Heirs meet Company's standards and qualifications, or if not so satisfied to allow the Heirs to sell the "JUICE HEAVEN" Store to a person approved by Company, or (ii) upon the death or legal incapacity of an Owner owning 50% or more of the capital stock, membership interests or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 50% or more of any of the Partnership Rights of a Franchisee which is a Partnership, Company shall allow a period of up to 6 months after such death or legal incapacity for the Heirs to seek and obtain Company's consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Company. If, within said 6 month period, the Heirs fail either to enter into a new franchise agreement or to sell the "JUICE HEAVEN" Store to a person approved by Company pursuant to Section 15.2, or fail either to receive Company's consent to the Assignment of such stock, membership interest or Partnership Rights to the Heirs or to another person acceptable by Company, as provided in Section 15.2, this Agreement shall thereupon automatically terminate;

16.3.3 Repeated Defaults. If Franchisee shall default in any material obligation as to which Franchisee has previously received 3 or more written notices of default from Company setting forth the material breach complained of within the preceding 12 months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure;

16.3.4 Misrepresentation. If Franchisee makes any material misrepresentations relating to the acquisition of the "JUICE HEAVEN" Store;

16.3.5 Violation of Law. If Franchisee fails, for a period of 10 days after having received notification of noncompliance from Company or any governmental or quasi-governmental

agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the "JUICE HEAVEN" Store;

16.3.6 Health or Safety Violations. Franchisee's conduct of the "JUICE HEAVEN" Store licensed pursuant to this Agreement is so contrary to this Agreement, the System and the Manuals as to constitute an imminent danger to the public health (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a failure to strictly comply with any health code or ordinance or other Applicable Law to continue despite Franchisee's knowledge of such condition), or selling expired or other unauthorized products to the public after notice of default and continuing to sell such products whether or not Franchisee has cured the default after one or more notices;

16.3.7 Unfair Competition. Any violation by Franchisee of Section 13.1; Franchisee's intentional disclosure or use in violation of this Agreement of the contents of the Manual, Trade Secrets or confidential or proprietary information provided to Franchisee by Company, excluding independent acts of employees or others if Franchisee has exercised its best efforts to prevent such disclosures or use;

16.3.8 Under Reporting. If an audit or investigation conducted by Company hereof discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Company, or knowingly understated its Gross Sales or withheld the reporting of same as herein provided;

16.3.9 Criminal Offenses. If Franchisee is convicted of a felony or any other crime or offense that is reasonably likely, in the sole opinion of Company, to adversely affect the System, the Marks, the goodwill associated therewith, or Company's interest therein;

16.3.10 Intellectual Property. If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Company's rights therein, or which reflects materially and unfavorably upon the operation and reputation of the "JUICE HEAVEN" Store or System.

16.3.11 Termination of Other Agreements. If Franchisee or any of its Affiliates is party to any other Franchise Agreements with Company, and that other agreement is terminated by Company for default by Franchisee (after any applicable right to cure).

16.4 Termination With Notice and Opportunity To Cure. Except for any default by Franchisee under Sections 16.2 or 16.3, or as otherwise expressly provided in this Agreement, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Company or its Affiliates), after Company's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Company. If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Company may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

Franchisee shall be in material breach under this Article for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include the occurrence of any one or more of the following events:

16.4.1 Franchisee's failure, refusal, or neglect to promptly pay any monies owed to Company, its subsidiaries or Affiliates, or any Advertising Co-op, when due, or to submit the financial or other information required by Company under this Agreement;

16.4.2 Franchisee's failure to maintain the standards specified by Company in the Manual or otherwise;

16.4.3 Franchisee's failure, refusal or neglect to obtain Company's prior written approval or consent as required by this Agreement;

16.4.4 Franchisee's misuse or unauthorized use of Company's Marks or other material impairment of the goodwill associated therewith or Company's rights therein;

16.4.5 Franchisee's commencement of or conducting any business operation, or marketing of any product, under a name or mark which, in Company's reasonable opinion, is confusingly similar to Company's Marks;

16.4.6 Franchisee's default, without cure after the applicable grace period, under any Lease, mortgage, or deed of trust covering the Location; or

16.4.7 Franchisee's failure to procure or maintain the insurance required by this Agreement or in the Lease for the Location.

16.5 Fines. Without waiving or limiting any of Company's rights or remedies hereunder, at law or in equity, Developer may establish and impose fines, not to exceed \$250 per violation, for violating this Agreement or the Manuals.

16.6 Reimbursement of Company Costs. In the event of a default by Franchisee, all of Company's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of Company's administrative employees shall be paid to Company by Franchisee within 5 days after cure.

16.7 Cross-Default. Any material default by Franchisee under the terms and conditions of this Agreement or any Lease, or any other agreement between Company, or its Affiliate, and Franchisee, or any default by Franchisee of its obligations to any Advertising Cooperative of which it is a member, shall be deemed to be a material default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Company may, at its option, terminate any or all said agreements.

16.8 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article 16, in the event any valid, Applicable Law of a competent Governmental Authority

having jurisdiction over this Agreement and the parties hereto shall limit Company's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Company shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

ARTICLE 17

RIGHTS AND OBLIGATIONS UPON TERMINATION

17.1 General. Upon the expiration or termination of Franchisee's rights granted under this Agreement:

17.1.1 Franchisee shall immediately cease to use Company's Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol, slogan or insignia. Franchisee shall at its own cost, make cosmetic changes to Franchisee's "JUICE HEAVEN" Store so that it no longer contains or resembles Company's proprietary designs including, but not limited to, Franchisee shall remove all "JUICE HEAVEN" identifying materials and distinctive "JUICE HEAVEN" cosmetic features and finishes, interior wall coverings and colors, exterior finishes and colors, signage and "JUICE HEAVEN" counter equipment (which shall be deemed proprietary to Company) from the Location as Company may reasonably direct.

17.1.2 Company may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Company, its subsidiaries and Affiliates.

17.1.3 Any and all obligations of Company to Franchisee under this Agreement shall immediately cease and terminate.

17.1.4 Any and all rights of Franchisee under this Agreement shall immediately cease and terminate.

17.1.5 Company shall have the option, exercisable by written notice within 30 days after the termination of this Agreement, to take an assignment of all telephone numbers (and associated listings) for Franchisee's "JUICE HEAVEN" Store. Franchisee is not entitled to any compensation from Company if Company exercises this option.

17.1.6 If Company shall have authorized Franchisee to use the Marks, or any of them in connection with the Internet, any website, or e-mail address, Franchisee shall, at Company's option, cancel or assign to Company or its designate all of Franchisee's right, title and interest in any Internet and website home pages, e-mail address(s), domain name listings and registrations which contain the Marks, or any of them, in whole or and part, and Franchisee shall notify Network Solutions, InterNIC or other applicable domain name registrar and all listing agencies, upon the termination or expiration hereof, of the termination of Franchisee's right to use any domain name, web page and other Internet devise associated with Company or any "JUICE HEAVEN"

Restaurant, and authorize and instruct their cancellation or transfer to Company, as directed by Company. Franchisee is not entitled to any compensation from Company if Company exercises its said rights or options. For the avoidance of doubt, nothing in this Section 17.1.6 shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the Internet, except with the prior consent of Company as provided in this Agreement.

17.2 Survival of Obligations. In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which constitute post-termination or post-expiration covenants or agreements shall survive the termination or expiration of this Agreement.

17.3 No Ownership of Marks. Franchisee acknowledges and agrees that rights in and to Company's Marks and the use thereof shall be and remain the property of Company.

17.4 Government Filings. In the event Franchisee has registered any of Company's Marks or the name "JUICE HEAVEN" as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Company's Marks therefrom.

ARTICLE 18

INSURANCE

18.1 Insurance. Franchisee shall obtain and maintain insurance coverage which shall in each instance designate Company and designated parent companies, subsidiaries, and Affiliates as additional named insureds, with an insurance company approved by Company, which approval shall not be unreasonably withheld, in the following minimum amounts (subject to change, including deductible levels, additional or other coverages and higher policy limits which may reasonably be specified by Company from time to time in the Manuals):

18.1.1 comprehensive general liability insurance (including products liability); with coverage of \$2,000,000.00 to \$4,000,000.00 combined single limit for death, personal injury, and \$100,000.00 property damage coverage;

18.1.2 business interruption insurance, including Continuing Royalty coverage, for 12 months after casualty, in amounts equal to at least \$150,000;

18.1.3 workers' compensation insurance as required by Applicable Law; and

18.1.4 windstorm, earthquake, fire, and extended coverage insurance, insuring the construction of improvements and completed "JUICE HEAVEN" Store operated by Franchisee, for the full replacement value thereof.

18.2 Use of Proceeds. In the event of damage to the "JUICE HEAVEN" Store covered by insurance, the proceeds of any such insurance shall be used to restore the "JUICE HEAVEN"

Store to its original condition (but in accordance with Company's then current standards and specifications) as soon as possible, except as Company may otherwise have consented in writing. Franchisee shall promptly provide to Company proof of such insurance coverage upon the obtaining of such insurance, and at such other times upon the request of Company.

18.3 Proof of Insurance. Franchisee shall, prior to opening its "JUICE HEAVEN" Store, file with Company, certificates of such insurance and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring 30 days prior written notice to Company of any proposed cancellation, modification, or termination of insurance. If Franchisee fails to obtain and maintain the required insurance, Company may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums and Company's costs in taking such action.

ARTICLE 19

RELATIONSHIP OF PARTIES, DISCLOSURE

19.1 Relationship of Franchisee to Company. It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of Company and franchisee. It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold himself out as the agent, employee, partner or co-venturer of Company. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company control. Each of the parties shall file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments, with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Company and Franchisee agree that the relationship created by this Agreement is not a fiduciary relationship. Franchisee shall not, under any circumstances, act or hold itself out as an agent or representative of Company.

19.2 Indemnity by Franchisee. Franchisee hereby agrees to protect, defend and indemnify Company, and all of its past, present and future partners, shareholders, direct and indirect parent companies, subsidiaries, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Business Entity or to any property arising out of or in connection with Franchisee's operation of the Location and "JUICE HEAVEN" Store pursuant hereto.

ARTICLE 20

NOTICES

20.1 General. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after confirmed transmission by facsimile, telegraph or other electronic system (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Company: Juice Heaven Franchise Corporation
17834 Burbank Blvd., Suite 229
Encino, California 91316
Attn: Vice President of Franchise Development
Facsimile No.: (818) 668-8489

If to Franchisee: _____

Facsimile No. _____

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

ARTICLE 21

DISPUTE RESOLUTION

21.1 General. Except as provided in Sections 21.2 and 21.3 and except as precluded by Applicable Law, any controversy or claim between Company and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration conducted before and in accordance with the Commercial Rules of the American Arbitration Association ("AAA"), by one arbitrator selected by Company and Franchisee. Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. Except to the extent prohibited by Applicable Law, (a) the proceedings shall be held in Los Angeles, California; (b) all arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Company, and not in any representative capacity, and shall not be consolidated with claims asserted by or against any other Franchisee, and (c) arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator at any arbitration hearing.

The substantive law applied in such arbitration shall be as provided in Section 22.7 below. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. The arbitral decision shall be binding and conclusive on the parties. A judgment confirming the award may be given by any California court having jurisdiction, or that court may vacate, modify, or correct the award in accordance with the prevailing provisions of the California statute governing arbitration.

21.2 Exceptions to Arbitration. The arbitration provision in Section 21.1 shall not apply to any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Company deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to the Company and/or to protect the Marks of the Company. Any claim or dispute involving or contesting the validity of any of the Marks shall not be subject to arbitration.

21.3 Mediation. Notwithstanding anything to the contrary in Section 21.1, before either party may initiate any arbitration proceeding pursuant to Section 21.1, the parties pledge to attempt first to resolve the controversy or claim arising out of or relating to this Agreement ("Dispute") pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA, unless the parties agree on alternative rules and a mediator within 15 days after either party first gives notice of mediation. Such mediation shall be conducted and completed within 45 days following the date either party first gives notice of mediation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

21.4 Survival. The terms of this article shall survive termination, expiration or cancellation of this Agreement.

ARTICLE 22

MISCELLANEOUS PROVISIONS

22.1 Company's Right To Cure Defaults. In addition to all other remedies herein granted if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Company may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account and on behalf of Franchisee, and the cost to Company thereof shall be due and payable on demand and shall be deemed to be additional compensation due

to Company hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Company.

22.2 Waiver and Delay. No waiver by Company of any breach or series of breaches or defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or under any other franchise agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the "JUICE HEAVEN" Store) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the "JUICE HEAVEN" Store) or the Manuals, shall constitute a waiver of the provisions of this Agreement or the Manuals with respect to any subsequent breach thereof or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Company will consider written requests by Franchisee for Company's consent to a waiver of any obligation imposed by this Agreement. Franchisee agrees, however, that Company is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Company to grant any such request. Any waiver granted by Company shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company, and may be revoked, in Company's sole discretion, at any time and for any reason, effective upon 10 days prior written notice to Franchisee. Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

22.3 Survival of Covenants. The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

22.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on transfer or Assignment contained herein.

22.5 Joint and Several Liability. If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Company are joint and several.

22.6 General Release. If Franchisee has a currently-effective franchise agreement from Company, then it shall be a condition to the effectiveness of this Agreement that Franchisee has executed and delivered to Company a general release, in a form prescribed by Company, of all existing claims against Company arising out of those former agreements.

22.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflict of laws, except for the provisions in Article 13 which shall be governed by the laws of the state in which the breach occurs.

THE PARTIES HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT NOT GOVERNED BY ARTICLE 21, AND THEY AGREE THAT, EXCEPT TO THE EXTENT PROHIBITED BY LAW AND AS OTHERWISE PROVIDED IN ARTICLE 21, LOS ANGELES COUNTY, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION (IF ANY) ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT.

22.8 Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. Franchisee represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof between the parties that are not contained herein. No officer or employee or agent of Company has any authority to make any representation or promise not contained in this Agreement or in any Offering Circular for prospective franchisees required by applicable law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

22.9 Titles For Convenience. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

22.10 Gender And Construction. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval or authorization of Company which Franchisee may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment or determination, including any decision as to whether any condition or circumstance meets Company's standards or satisfaction, Company may do so in its sole subjective judgment.

22.11 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manuals and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manuals thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Manuals shall be held to be indefinite, invalid or

otherwise unenforceable, the indefinite, invalid or unenforceable provision shall (subject to Section 13.2.3) be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

22.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

22.13 Fees and Expenses. Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, whether by judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, attorneys' fees. All sums which are due but unpaid to Company or Franchisee shall bear interest from the date due at the highest rate permissible by applicable law.

ARTICLE 23

SUBMISSION OF AGREEMENT

23.1 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Franchisee.

ARTICLE 24

ACKNOWLEDGMENT

24.1 General. Franchisee, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby.

24.2 Due Execution. The submission of this Agreement to Franchisee does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Franchisee.

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of execution by Company.

Company:

JUICE HEAVEN FRANCHISE CORPORATION
a California corporation

By: _____

Its: _____

Franchisee:

By: _____

Its: _____

[SIGNATURE PAGE TO "JUICE HEAVEN" FRANCHISE AGREEMENT]

EXHIBIT A

Protected Territory

- A radius of _____ miles surrounding the Location of the Restaurant.
- The area outlined on the attached map and described as follows:

EXHIBIT B

Minimum Hours of Operation

Minimum Operating Hours: [_:_] a.m. to [_:_] p.m.

_____ days per week

EXHIBIT C

Franchisee Information

Franchisee is a (check as applicable):

- corporation limited partnership
- limited liability company general partnership
- Other (specify): _____

The name and address of each Owner of Franchisee is:

<u>NAME</u>	<u>ADDRESS</u>	<u>NUMBER OF SHARES OR PERCENTAGE INTEREST</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

There is set forth below the name and address of each director, member, or general partner, as applicable, of Franchisee:

<u>NAME</u>	<u>ADDRESS</u>
_____	_____
_____	_____
_____	_____

There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the "JUICE HEAVEN" Stores:

<u>NAME</u>	<u>ADDRESS</u>
_____	_____
_____	_____
_____	_____

The address where Franchisee's Financial Records, and Business Entity records (e.g. Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

EXHIBIT D

Guaranty

SPOUSAL CONSENT

Each of the undersigned, each being the spouse of an individual who executed this Agreement as Franchisee (or if Franchisee is a partnership, a spouse of a general partner), consents to all of the terms of this Agreement and the execution thereof, and agrees not to assist any person who is a party to this Agreement to violate any of that party's duties under this Agreement.

By: _____

Dated: _____

By: _____

Dated: _____

SPOUSAL CONSENT

EXHIBIT A-1

SBA ADDENDUM TO FRANCHISE AGREEMENT

**ADDENDUM (RE CONSENT TO TRANSFER)
RELATING TO**

**JUICE HEAVEN FRANCHISE CORPORATION
FRANCHISE AGREEMENT**

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by Juice Heaven Franchise Corporation, located at 17834 Burbank Boulevard, Suite 229, Encino, California 91326 ("Franchisor"), and _____, located at _____ ("Franchisee").

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, ("Franchise Agreement"). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____ ("Unit"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section _____ of the Franchise Agreement.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the SBA financing.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

**JUICE HEAVEN FRANCHISE
CORPORATION**

FRANCHISEE:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____