FRANCHISE DISCLOSURE DOCUMENT

AMERICAN DELI INTERNATIONAL, INC.
a Delaware Corporation
2716 Northeast Expressway
Atlanta, GA 30345
Tel: 404-254-3444
Fax: 404-228-6147
info@americandeli.com
www.americandeli.com

The franchises offered are for the establishment and operation of quick service restaurants that feature chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, beverage items and promotional items ("Restaurants").

The total investment necessary to begin operation of an American Deli franchise is $239,500 to $380,500. This includes $37,800 - $44,500 that must be paid to the franchisor or affiliate. If you purchase a turnkey Restaurant, the total investment necessary to begin operation of an American Deli franchise is $291,500 to $471,000. This includes $230,000 to $360,000 that must be paid to the franchisor or affiliate.

If you sign an American Deli development agreement ("Development Agreement"), the total investment necessary to begin operation of an American Deli franchise is $239,500 to $380,500 plus $10,000 paid to the franchisor affiliate for each Restaurant to be developed under the Development Agreement. The minimum number of Restaurants required to be developed under the Development Agreement is three (3).

This Disclosure Document summarizes certain provisions of your Franchise Agreement and Development Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Administrator, 2716 Northeast Expressway, Atlanta, GA 30345 (404-254-3444).

The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You also can visit the FTC's home page at **www.ftc.gov** for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: April 1, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit H for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/ARBITRATION/MEDIATION ONLY IN GEORGIA. OUT OF STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST YOU MORE TO SUE/ARBITRATE/MEDIATE WITH US IN GEORGIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND GEORGIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. IF YOU LIVE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE LIABILE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HASN'T SIGNED ANYTHING. IN EITHER CASE, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral services to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

This Disclosure Document is either not registered or registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Registration Effective Date
California	
Connecticut	March 6, 2017
Florida	August 19, 2018
Hawaii	
Illinois	May 17, 2017
Indiana	
Kentucky	
Maryland	
Michigan	
Minnesota	
Nebraska	
New York	
North Dakota	
Rhode Island	
South Dakota	
Texas	August 10, 2012
Utah	
Virginia	
Washington	
Wisconsin	

In all other states the issuance date is April 1, 2018.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii)The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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EXHIBITS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

In this Disclosure Document, American Deli International, Inc. is referred to as "we," "us," or "our" and the person or entity that will be signing the Franchise Agreement is referred to as "you" or "your."

Franchisor

We were incorporated as a Delaware corporation on December 17, 2008. Our principal place of business is 2716 Northeast Expressway, Atlanta, GA 30345, and we do business under our corporate name and the Marks as described below.

Since January 2009, we have franchised quick service retail outlets that feature chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, beverage items and promotional items ("Restaurants"). The Restaurants are generally located within large shopping centers, enclosed shopping malls, large strip shopping centers and other similar facilities. The Restaurants will feature the mark "American Deli." The Restaurants also will feature the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks that we designate in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the "Marks." We do not currently own and operate any American Deli Restaurant. We have not offered franchises in any other line of business, and we do not engage in any other business activity.

Our Parents, Predecessors and Affiliates

Our founder, Mr. Chong C. Kim, opened the first American Deli in February 1989, and offered American Deli franchises under oral agreements from 1993 until June 2006. Our founder has owned and operated Restaurants since February 1989. Our founder has not offered franchises in any other line of business and does not engage in any other business activity. We do not have a parent company.

Our affiliate, American Deli, Inc. ("ADI Georgia"), is a Georgia corporation incorporated on June 16, 2006. ADI Georgia's principal business address is the same as ours. ADI Georgia offered American Deli franchises under oral agreements from June 2006 until December 2008. ADI Georgia has owned and operated Restaurants since January 2007, but does not currently own and/or operate any Restaurants. ADI Georgia currently provides some products, including proprietary sauces, to our franchisees. ADI Georgia has not offered American Deli franchises since December 2008, it has never offered franchises in any other line of business, and it does not engage in any other business activity.

Our affiliate, American Deli Plus, Inc. ("ADP"), is a Georgia corporation incorporated on March 16, 2006. ADP's principal business address is the same as ours. ADP owns the Marks, including the "American Deli" trademark, and allows us to use it. It has never offered franchises in any line of business, and it does not engage in any other business activity.

Our affiliate, American Kitchen Equipment, LLC ("AKE"), is a Georgia limited liability company incorporated on January 30, 2014. AKE's principal business address is 2716 Northeast

Expressway, Atlanta, GA 30345. AKE is a wholesaler of kitchen equipment and sells kitchen equipment to our franchisees. It has never offered franchises in any line of business, and it does not engage in any other business activity.

Our affiliate, Golden Pot, LLC ("Golden Pot"), is a Georgia limited liability company organized on December 8, 2016. Golden Pot owns and operates company owned Restaurants in Walmart. It has never offered franchises in any line of business, and it does not engage in any other business activity.

Our affiliate, Golden Spoon, LLC ("Golden Spoon") is a Georgia limited liability company organized on December 6, 2017. Golden Spoon owns and operates American Deli restaurants located at 1910 Wells Road Suite, #VC18, Orange Park, FL 32073, 6419 W. Newberry Road, #G2, Gainesville, FL, and 4700 Millhaven Road, Suite #1096, Monroe, LA 71203.

Our affiliate, Hamin, LLC ("Hamin") is a Georgia limited liability company organized on August 12, 2016. Hamin owns and operates American Deli restaurant located at 100 Columbiana Circle, Columbia, SC.

One of our shareholders own Hae Min, LLC, a Georgia limited liability company organized on December 7, 2016. It holds the commercial lease for the franchised American Deli Restaurants located at 3543 S. Mendenhall Road, Memphis, TN 38115 and 4972 E. Shelby Drive, Memphis, TN 38118. It has never offered franchises in any line of business, and it does not engage in any other business activity.

One of our shareholders own two companies that hold the commercial lease of two American Deli restaurants. Eunha, LLC is a Georgia limited liability company, incorporated on October 18, 2012, and whose principal place of business is 3634 Henley Park Court, Atlanta, GA 30340. Kim's Riverdale, Inc. is a Georgia corporation incorporated on April 1, 2008 and whose principal place of business is5404 Riverdale Road, College Park, GA 30349. Neither company has ever offered franchises in any line of business, and they do not engage in any other business activity.

Agents for Service of Process

The names and principal business addresses of our agents for service of process are listed in Exhibit H.

Description of Franchises

We franchise the right to establish and operate a Restaurant that is typically located in a large strip shopping center under the Marks and the System under the terms of the Franchise Agreement. Each Restaurant will typically offer a menu specializing in chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, beverage items and promotional items. The Restaurants will typically range in size from 1,100 to 2,000 square feet. We also franchise Non-traditional Restaurants. Non-traditional Restaurants are American Deli outlets operated in other distribution system or food service facility (other than a traditional Restaurant). They include big box stores (for example, Walmart), gas stations, convenience stores, food courts, airports, transportation stations, travel plazas, casinos, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations.

The Restaurants are established and operated under a comprehensive and unique system (the "System") that includes distinctive exterior and interior design, decor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control (including point of sale and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion.

We offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement (the "Franchise Agreement"). The Franchise Agreement that you must sign is attached as Exhibit B to this Disclosure Document. You may be an individual or legal entity. Under the Franchise Agreement, certain parties are characterized as your Principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities and individuals as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and noncompetition, and to personally guarantee your performance under the Franchise Agreement (See Item 15). Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and noncompetition agreements.

We may offer the right to purchase and operate a turnkey Restaurant. A turnkey Restaurant is built out to our standards and specifications and is sold ready for operation. Your purchase of the franchised Restaurant will include the franchise fee, the costs of buildout and the costs of installed equipment in the turn key price. You will be responsible for inventory, small wares, labor and on-going operating costs.

You also must designate an "Operating Principal" who will be the main individual responsible for your business. If you are an individual, you will be the Operating Principal. If you are not an individual, the person you designate as your Operating Principal must maintain an equity interest in you. The Operating Principal must sign the Franchise Agreement as the Operating Principal and as one of your Controlling Principals (See Item 15). The Operating Principal must individually make certain covenants in the Franchise Agreement and must personally guarantee your performance under the Franchise Agreement.

Development Agreement

Qualified applicants will also have the opportunity to enter into an American Deli development agreement (the "Development Agreement") to develop multiple American Deli Restaurants within a specifically described geographic area (the "Territory"). The size of the Territory will vary depending upon local market conditions and the number of Restaurants to be developed. (See Item 12) The development Territory will be determined before executing the Development Agreement and will be described in Attachment E to the Development Agreement. You must develop the number of Restaurants contemplated by the Development Agreement in the Territory according to a development schedule, and you must enter into a separate Franchise Agreement for each Restaurant established. The Franchise Agreement for the first Restaurant to be developed under the Development Agreement will be in the form of Exhibit B to this Disclosure Document and will be signed within 90 days after the Development Agreement is signed. For each additional Restaurant developed under the Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, except that the initial franchise fees and royalties will be as provided in the Development Agreement, and the advertising expenditure percentages will be the same as those in the Franchise Agreement attached as Exhibit B to this Disclosure Document. The Franchise Agreement for each additional Restaurant must be signed no later than 90 days before the projected opening date of the applicable Restaurant.

The person or entity signing the Development Agreement is the "Developer", and the terms "you" and "your" in this Disclosure Document also include the Developer under the Development Agreement, unless we have noted otherwise. Any reference to the "Agreements" in this Disclosure Document means the Development Agreement and the Franchise Agreement, as applicable.

General Description of the Market and Competition

The market for the food products and services the Restaurants offer is developed and highly competitive, as is the market for obtaining locations in qualified shopping centers and malls or other similar buildings. You will compete against local and national branded quick service food and beverage establishments.

Regulations Specific to the Industry

Some states may require franchises to obtain restaurant, business, occupational, food products, and miscellaneous licenses. You also may have to obtain health licenses and to comply with health laws and regulations that apply to restaurant and food product establishments. In addition, some states and local governments also may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's Nutritional Labeling Guide for Restaurants and Other Retail Establishments provides answers to commonly asked questions regarding the application of NLEA

Since you must accept credit cards as a method of payment at your Restaurant, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data.

You must comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements). We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect your Restaurant.

ITEM 2
BUSINESS EXPERIENCE

Director, Chairman of the Board of Directors: Chong C. Kim

Mr. Kim has served as our Director and Chairman of the Board of Directors since our inception in December 2008. He served as our CEO and President from our inception until January 2014. He has served as President of American Deli, Inc. since June 2006 in Atlanta, Georgia, an affiliate. He has owned and operated an American Deli restaurant in Riverdale, Georgia since March 2006. Mr. Kim is based in Atlanta, Georgia.

Director, President, CEO and CFO: Yon Suk Kim

Mrs. Kim has served as our President and CEO since December, 2014; our CFO since December, 2014; and, as our Director since October 2011. She also served as Treasurer from May 2011 through January 2014 and Vice President from October 2011 through January 2014. She has owned and operated American Deli restaurants since February 1989. Mrs. Kim is based in Atlanta, GA.

Vice President: Yim Sun Kim

Mrs. Kim has served as our Vice President since November, 2016 and as an Administrative Director since October, 2015. From 2011 to 2015, Mrs. Kim served as a general manager at various deli-style restaurants. From 2000 to 2007, Yim Sun Kim was a regional manager of Amore Pacific Corporation, a franchisor of cosmetic and beauty retailer based in Seoul, South Korea supervising over 20 franchise stores in her region. Mrs. Kim is based in Atlanta, GA.

Director: Christine H. Kim

Ms. Kim has served as our Director since April 2017. Christine Kim has been an Attending Anesthesiologist at The Brooklyn Hospital Center since September, 2010. Ms. Kim is based in Great Neck, NY.

ITEM 3 LITIGATION

Pending Litigation Against the Franchisor - None.

Pending Litigation Against Directors Unrelated To American Deli Franchise.

Sang Charl Park, Steve C. Kim, Steven U. Yijae and Woo S. Lee v. Chong C. Kim aka Chung C. Kim, Hui Chon Kim, Wha Sang Kim, Metro City Bank and Kim's Riverdale, Inc. Superior Court of Gwinnett County, Georgia, Case number 15-91900-6, filed February 13, 2015. This case is unrelated to the American Deli franchise or its operation. Chong C. Kim is an American Deli director and so is required to disclose this litigation. Plaintiffs, shareholders in the company, Moria & Moria, Inc. ("Moria"), filed a complaint against defendants Chong C. Kim, Hui Chon Kim, Wha Sang Kim, shareholders of Moria, Metro City Bank, lender and lienholder, and Kim's Riverdale, Inc. who ultimately acquired the real property owned by Moria. Plaintiffs' alleged claims are: 1) breach of contract claim against Chong C. Kim arising from the Moria Shareholder's Agreement; 2) breach of a fiduciary duty against Chong C. Kim, as plaintiff-minority shareholders; 3) fraud against all defendants claiming Metro City Bank conspired with the other defendants to transfer the subject real property to defendant, Kim's Riverdale, Inc. at a foreclosure sale; 4) breach of duty of good faith and fair dealing against defendants Metro City Bank, Wha Sang Kim and Chong C. Kim for failing to disclose to plaintiffs an alleged agreement to sell the property to Kim's Riverdale, Inc. prior to a foreclosure sale, conspiring to transfer ownership in the property, conspiring to deprive plaintiffs of ownership and control of the property, and, fraudulently transferring ownership in the property. Chong C. Kim is vigorously defending these claims and alleges the claims are without merit. Mr. Kim has also filed a counterclaim in the case based on the $120,000 debt incurred on behalf of Moria & Moria, Inc. On December 7, 2016, there were three orders entered by the Superior Court of Gwinnett County. The first order dismissed all claims against Hui Chon Kim and Kim's Riverdale, Inc.. The second order dismissed all claims against Metro City Bank and its employee. The third order granted summary judgment in Chong C. Kim's favor on the Plaintiff's contract claims under Count I of the complaint but left standing against Count II (breach of fiduciary duty), Count III (fraud) and Count IV (breach of duty of good faith and fair dealing). Motion for reconsideration as to Chong C. Kim was denied by the Superior Court of Gwinnett County on March 14, 2017. Chong C. Kim's attorney is in preparation for a Pre-Trial Conference.

Except for the matters described above, no litigation must be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $10,000 for the right to establish a single Restaurant under a Franchise Agreement. If you are an existing franchisee in good standing, the initial franchise fee is reduced to $7,500. You must pay the initial franchise fee in full when you sign the Franchise Agreement, and the initial franchise fee is the same for all franchisees under this offering. The initial franchise fee is not refundable.

Site Evaluation Fee

We will review your submittal package for your proposed site and determine whether to accept your proposed site. We will conduct an on-site evaluation if we consider it necessary and appropriate as part of our evaluation of your submittal package. If we determine that on-site evaluation is necessary and appropriate (on our own initiative), we will provide the evaluations and we reserve the right to charge you an additional fee for this service. If we charge this fee, the fee will be $500 plus our out-of-pocket expenses for each proposed site for which we conduct an on-site evaluation. This fee is not refundable and if charged, is uniform for all franchisees.

Construction Inspection Fee

You will be charged for each inspection visit a construction inspection fee of $500 plus our travel and lodging costs, if required. This fee is not refundable, and if charged, is uniform for all franchisees.

Proprietary Sauces

You must purchase all proprietary sauces from our affiliate, American Deli, Inc. or from an approved distributor. The estimated costs of your pre-opening purchases is $2,500 to $4,000 depending on the needs in your Restaurant. This fee is not refundable, and if charged, is uniform for all franchisees.

Uniforms

You must purchase your uniforms from us. The estimated costs of your pre-opening purchases is $300 - $500. This fee is not refundable, and if charged, is uniform for all franchisees.

Restaurant Equipment

You must purchase your certain items of your restaurant equipment from our affiliate, American Kitchen Equipment. The estimated costs of your pre-opening purchases is $25,000 to $40,000 for this equipment. This fee is not refundable, and if charged, is uniform for all franchisees.

Digital Menu Boards

You must purchase the digital menu boards from us. The estimated costs of the digital menu boards are $1,800 - $4,000. This fee is not refundable and is uniform for all franchisees.

Turnkey Purchase Price

If you purchase a turnkey Restaurant from us, you must pay us the purchase price for the Restaurant. The purchase price is $220,500 - $350,000. The turnkey purchase price is non-refundable and is charged uniformly to all franchisees under this Disclosure Document who purchase a turnkey Restaurant, although actual dollar amounts may vary depending on the actual costs to design, construct and equip the Restaurant. Initial Training for Additional Trainees

Initial Training for Additional Trainees

We will provide, at no extra charge to you, initial training and training materials for the initial Operating Principal and General Manager. If you send more than 2 people to initial training, we will charge you a $500 training fee for each additional person. Training fees are uniform and non-refundable. You must pay for all your trainees' travel, meals and lodging. See Item 11 for additional information on training.

Development Agreement

When you sign a Development Agreement, you must pay a development fee equal to the total of $10,000 per Restaurant to be developed. The minimum development is three (3) Restaurants. The development fee is the same for all developers under this offering. The development fee is not refundable and uniformly imposed. The total initial fees are $30,000 for three Restaurants, plus $10,000 per additional Restaurant to be developed.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	3% of Gross Sales (1)	Monthly.	Amounts due will be withdrawn by EFT from your designated bank account. (2)
Marketing Fund	Currently 1% of Gross Sales Maximum of 2% of Gross Sales.	Monthly.	Amounts due will be withdrawn by EFT from your designated bank account. (2)
Cooperative Advertising	Currently 0% of Gross Sales. Maximum of 1% of Gross Sales. (5)	As Cooperative determines	No Cooperatives have been established as of the date of this Disclosure Document. Cooperatives will be comprised of all franchised and company-owned Restaurants located in designated geographic areas. Each Restaurant will have 1 vote in the Cooperative. We may allocate your Cooperative contribution to the Fund. (3)
Advertising & Promotional Materials	Varies, depending on your advertising needs.	When billed	See Items 7 and 11.
Interest	18% or highest rate allowed by applicable law.	On demand	Interest may be charged on all overdue amounts.
Initial Training of additional or replacement and successor personnel	$500 per person	Before training	No charge for initial training for initial General Manager and Operating Principal (see Item 11).
Additional Assistance	If you request additional assistance, you must pay the current per diem charge for our employees used to provide the assistance and our associated costs. Current per diem $500.	When billed.	We provide opening assistance without additional charge (see Item 11). Any additional assistance you request is billed at the current per diem rate.
Transfer Fee (Franchise Agreement)	$5,000, $7,500 or 10,000 plus our reasonable expenses associated with the transfer (including training costs, legal and accounting costs, and referral fees paid to franchise brokers). (6)	Before transfer.	Only our expenses are charged if you transfer your rights to an entity you control.
Transfer Fee (Development Agreement)	$10,000 plus our reasonable expenses associated with the transfer (including training costs, legal and accounting costs, and referral fees paid to franchise brokers)	Before transfer.	Only our expenses are charged if you transfer your rights to an entity you control.

Type of Fee	Amount	Due Date	Remarks
Public Offering	$10,000 or any greater amount necessary to reimburse us for our reasonable costs in reviewing the proposed securities offering	When billed.	This covers our cost to review the proposed offering of your securities.
Renewal Fee (Franchise Agreement)	50% of then-current initial franchise fee	On signing renewal franchise agreement.	You must give us at least 3 months' notice; remodel to current standards if requested; sign then current agreement
Additional or Remedial Training	Our cost in providing the training.	Before additional training	We reserve the right to charge a fee for additional or remedial training that is not mandatory. We do not charge for mandatory training. Cost will vary based on the staff, location, and type of training offered.
Annual and Other Mandatory Meetings	The registration fee for the annual or other mandatory meetings. You must pay this fee even if your Operating Principal fails to attend any mandatory meeting.	When you register for the meeting or, if you fail to register, when we invoice you.	Your Operating Principal must attend each annual or other meeting we designate as mandatory. The registration fee may be withdrawn by EFT from your designated bank account.
Support Fee	$100 per week	Weekly	If you fail to have a replacement General Manager trained or certified as meeting our standards after a General Manager leaves, we may charge you this fee until your replacement manager is trained or certified, as applicable
Non-Compliance Fee	$100 per day	When Billed	If you remain noncompliant after we give you notice of non-compliance with the operational or system standards of the Business.
Construction Inspection Fee	$500 per visit plus our travel and lodging costs.	When Billed	Your charge for each inspection visit.
Inspection and Testing	Cost of inspection or testing.	When billed	We may require you to pay us or an independent laboratory for the cost of inspection or testing if you purchase or lease items used in the Restaurant from sources we have not previously approved (see Item 8).
Indemnification	Our actual costs and damages for which we are held liable	On demand	You must indemnify us when certain of your actions result in loss to us under the Agreements (see Item 9).
Audit Fee	Cost of audit.	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us by more than 2%.
Late Payment or Reporting Fee	$50 per day you are late	Daily	If you fail to pay royalties when due or fail to submit royalty reports monthly as required, we may charge you $50 per day until the payment or report is received.

Type of Fee	Amount	Due Date	Remarks
Manual Replacement Fee	$1,000	When billed	If you request additional or replacement copies of the Franchise Manual (see Item 11).

Notes:

All expenses described in this Item are nonrefundable and are generally uniformly imposed. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

(1) "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Restaurant), whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the sales tax report or the electronic point of sale system, and any cash shortage will not be considered in the determination. Gross Sales excludes the following:

(a) Sums representing sales taxes collected directly from customers, based on present or future federal, state or local government laws that you collected in the operation of the Restaurant, and any other tax, excise or duty that is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that the taxes are actually transmitted to the appropriate taxing authority;

(b) Proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Restaurant nor having any material effect on the ongoing operation of the Restaurant required under the Franchise Agreement; and

(c) Other items we may authorize to be excluded from Gross Sales. We may revoke or withdraw any exclusion at any time in writing.

(2) The royalty fee and Fund contribution will be withdrawn from your designated bank account by electronic fund transfer ("EFT") as we require. You must maintain sufficient funds in your designated bank account to pay the royalty fee and required Fund contribution.

(3) Your total required advertising contributions or payments (i) to a Fund, (ii) to a Cooperative, and (iii) for Local Advertising will not exceed 2% of your Gross Sales. There currently are no cooperatives in which you must or may participate.

(4) The transfer fee is $10,000 if the transferee is a new franchisee. The transfer fee is $7,500 if the transferee is an existing franchisee. The transfer fee is $5,000 if the transferee is a child or parent of the transferor.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
Franchise Agreement

Type of expenditure	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Initial franchise fee	$7,500 (1)	$10,000	Lump Sum	On signing Franchise Agreement.	Us
Build out (2)	$120,000	$170,000	As Invoiced	As Arranged	Building Contractors
Architectural engineering (3)	$10,000	$20,000	As Invoiced	As Arranged	Architect
Legal fees (4)	$3,000	$3,000	As Invoiced	As Arranged	Attorney
Lease payments and other rental expenses (5)	$9,000	$18,000	Per Lease	Monthly	Lessor
Equipment and furniture (6)	$25,000	$50,000	As Invoiced	As Arranged	Affiliate or Suppliers
Signage (7)	$8,000	$12,000	As Invoiced	As Arranged	Suppliers or Us
Initial inventory and Supplies (8)	$10,000	$10,000	As Invoiced	As Arranged	Us (uniforms), Affiliates or Suppliers
Electronic point of sale (POS system), monitoring software and required hardware, security camera and alarm system (9)	$5,000	$7,500	As Invoiced	Lump Sum	Suppliers
Phone and Internet service (10)	$400	$400	As Invoiced	Lump Sum	Suppliers
Travel, lodging and meals for initial training (11)	$1,600	$2,000	As Incurred	As Incurred	Suppliers
Business supplies (stationery, business cards, brochures, paper and other materials) (12)	$500	$1,000	As Invoiced	Lump Sum	Suppliers
Opening Publicity and Promotions	$3,500	$5,000	As Invoiced	As Arranged	Suppliers
Business licenses, permits, etc. (for first year) (13)	$5,000	$20,000	As Incurred	As Arranged	Local Government
Insurance deposits and premiums (for first year) (14)	$1,000	$1,600	As Invoiced	As Arranged	Insurance company
Additional funds (15)	$30,000	$50,000	As Incurred	As Arranged	
Total	**$239,500**	**$380,500**			

YOUR ESTIMATED INITIAL INVESTMENT

Turnkey Restaurant

Type of expenditure	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Initial franchise fee	$7,500 (1)	$10,000	Lump Sum	On signing Franchise Agreement.	Us
Turnkey Fee (16)	$220,000	$350,000	As Invoiced	As Arranged	US
Legal fees (4)	$3,000	$3,000	As Invoiced	As Arranged	Attorney
Lease payments and other rental expenses (5)	$9,000	$18,000	Per Lease	Monthly	Lessor
Initial inventory (8)	$10,000	$10,000	As Invoiced	As Arranged	Affiliate or Suppliers
Phone and Internet service (10)	$400	$400	As Invoiced	Lump Sum	Suppliers
Travel, lodging and meals for initial training (11)	$1,600	$2,000	As Incurred	As Incurred	Suppliers
Business supplies (stationery, business cards, brochures, paper and other materials) (12)	$500	$1,000	As Invoiced	Lump Sum	Suppliers
Opening Publicity and Promotions	$3,500	$5,000	As Invoiced	As Arranged	Suppliers
Business licenses, permits, etc. (for first year) (13)	$5,000	$20,000	As Incurred	As Arranged	Local Governme nt
Insurance deposits and premiums (for first year) (14)	$1,000	$1,600	As Invoiced	As Arranged	Insurance company
Additional funds For First 3 Months of Operation (15)	$30,000	$50,000	As Incurred	As Arranged	
Total	**$291,500**	**$471,000**			

Notes:

The amounts you pay are typically non-refundable. If you purchase a turn-key Restaurant, you will pay us or an affiliate the purchase price for the Restaurant, which will include the build out, architectural engineering, equipment, signage, POS system, and reasonable administrative costs and overhead.

(1) The initial franchise fee for an existing franchisee in good standing is reduced to $7,500.

(2) The cost of build out will vary depending on (i) the size and configuration of the premises; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements

and fixtures); and (iii) cost or materials and labor that may vary based on geography and location. You must adapt our prototypical plans and specifications for the construction and finish-out of the Restaurant. These figures are our best estimate based on construction/finish-out rates and conditions in Atlanta, Georgia. Those amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs also may vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease.

(3) The architectural engineering fees will vary depending on location of the Restaurant, number of final plans required, state and local regulations, and various other factors. These figures are based on our experience with Restaurants located in Atlanta, Georgia.

(4) The legal fees will vary depending on the scope of work performed by your legal counsel. Legal fees also vary depending on the location of your legal counsel. You should consult various legal firms to determine the costs that are appropriate for your area.

(5) The figures are for the first month’s rent and assume that the Restaurant premises will be a large shopping center ranging from 1,100 to 2,000 square feet, and that a security deposit of 2 months’ rent is required. Further, the figures assume base annual rental rates ranging from $20 to $25 per square foot. Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges (“CAM Charges”) for the shopping center, your pro rata share of the real estate taxes and insurance for the shopping center, and your pro rata share of HVAC and trash removal. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

(6) You must purchase certain equipment meeting our specifications to be used in the Restaurant, including ice machine, refrigerator, salad bar, walk-in cooler, freezer, griddle, fryer, work tables, shelves and other items including small wares. We have established relationships with equipment vendors for certain equipment used in the Restaurant that meets our specifications. We do not require you to purchase from these vendors.

(7) These amounts represent your cost for digital menu boards, menu board software systems, neon logo and descriptive signs. Each shopping center has different restrictions on interior and exterior signage that may affect your costs. You must purchase all signage only from our approved vendors.

(8) These amounts represent your initial inventory of food supplies, cups and paper goods, uniforms, and gift cards for use in the first month of operating the franchise business. You must purchase the uniforms from us. You must purchase your sauces from our Affiliate or our approved distributor.

(9) Typically you will use 1 or 2 terminals per Restaurant. You must purchase our prototype POS system from our approved supplier. We or our approved supplier will make available to you certain customized data base configurations and upgrades specific for the Restaurant to be loaded on to your system. We have the right, as described in Item 11, to access this information through file transfer protocol or polling through the Internet at our discretion. This total also includes the

various software and hardware necessary for back office reporting, polling, credit card and gift card transactions.

(10) You must have a back office PC with Internet access and/or a fully integrated POS system with full Internet access for email and polling to communicate with and receive communication. You must install the software we require, including the entire Microsoft Office Suite and Adobe Acrobat. You also must have an all-in-one printer unit that scans, prints, copies and faxes.

(11) We provide initial training to your initial Operating Principal and General Manager at no charge. These estimates include only your out-of-pocket costs associated with the training of the Operating Principal and General Manager (including travel, room, and board). These amounts do not include any fees or expenses for training any other personnel. Training lasts for 10 days. These costs will vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

(12) You must purchase business cards, brochures and other written materials for use in the franchise business. You will typically purchase amounts that may last as long as 6 months.

(13) These are estimates of the costs for obtaining local business licenses that typically remain in effect for 1 year. These figures do not include occupancy and construction permits that were included in the leasehold improvement costs. The cost of these permits and licenses will vary substantially depending on the location of the franchised business.

(14) These figures are estimates of the cost of the annual premiums for the insurance you must obtain and maintain for the franchised business as described in Item 8.

(15) The range shown reflect your estimated expenses for the first 3 months of operations. These expenses do not include the owners' salary, draw or debt service. Cash flow from your operations many not be adequate to cover operating and other costs during the initial phase of business. The factors, basis and experience that we considered or relied upon in formulating the amount required for additional funds are our and our franchisees' experience in opening and operating American Deli restaurants in the Atlanta, Georgia area which have operated more than one year. These figures are estimates and we cannot assure you that you will not have additional expenses starting the Restaurant. Your actual costs will depend on your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase.

(16) You must pay us the purchase price for the Restaurant, which will include our costs in designing, constructing and equipping the Restaurant and reasonable administrative costs and overhead. You must pay the purchase price when you sign the Franchise Agreement. The purchase price is non-refundable and is charged uniformly to all franchisees under this Disclosure Document who purchase a turnkey Restaurant, although actual dollar amounts may vary depending on the actual costs to design, construct and equip the Restaurant.

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

Development Agreement

We have not included a separate table for the initial investment if you sign a Development Agreement. If you sign a Development Agreement, you will pay a Development Fee (as described in Item 5) equal to the total of $30,000 for the first three Restaurants plus $10,000 per additional Restaurant. The development fee is not refundable and uniformly applied. The Development Fee is in addition to the $239,500 to $380,500 estimated initial investment to open each Restaurant. See Item 7, Initial Investment for a Franchise Agreement.

You must open a minimum of 3 stores within one year. The royalty for stores developed by the Area Developer is reduced to 2% so long as the Area Developer is in good standing under the Development Agreement and under the Franchise Agreements. The reduction of the royalty does not include any stores transferred to the Area Developer and is not transferable if the Developer transfer the Restaurant. Other than the Development Fee and Royalty, actual start-up costs pertaining to the actual Restaurants opened under the Development Agreement are the same as the estimated costs to start a franchised Restaurant described in the table shown at the beginning of this Item 7, subject to potential increases over time or other changes in circumstances.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sale systems and computer systems), decor items, signs and related items we require, all of which must conform to the standards and specifications in our Franchise Manual (as defined in Item 11) or in any other written format. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items we have not approved.

Purchases From Us Or Our Affiliates

We have and may continue to develop for use in the System certain products that are prepared from our proprietary recipes and that bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Accordingly, if those products become a part of the System, whether or not these products are proprietary, you will use only products manufactured by or for us and will purchase those items solely from us or from a source we designate or, for products manufactured on our behalf, from a seller of these products all of your requirements for those products.

You are required to purchase certain restaurant kitchen equipment from our affiliate, American Kitchen Equipment, LLC. Mrs. Yon Suk Kim is the 100% owner of this company. You are required to purchase proprietary sauces from American Deli, Inc. Mr. Chong C. Kim is the 100% owner of this company.

You are required to purchase proprietary sauces from American Deli, Inc. Mr. Chong C. Kim is the 100% owner of American Deli, Inc.

You are required to purchase your digital menu boards and all your uniforms from us.

Your required purchases from us or our affiliates represent 25% - 30% of your total purchases in the establishment of your Franchised Business and 10% - 15% in operating your Franchised Business.

Purchases From Designated and Approved Suppliers

You will be required to purchase certain products and/or services only from suppliers that we approve. These items currently include all food and beverages items, paper products, logo items, kitchen equipment, fixtures, furnishing, to go menu, signage, digital menu boards, gift cards, gift certificates, point of sale ("POS") system and NCC Reflective software, and RHQ online information tracking system. The fully integrated point of sale system we prescribe consist. We have the right to require you at any time to purchase other products and/or services only from suppliers that we approve.

Our criteria for supplier approval may be found in the Franchise Manual. Among other things, the suppliers must have adequate quality controls and the capacity to supply your needs promptly and reliably. If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We have to approve any supplier in writing before you make any purchases from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory for testing. You must pay the cost of the inspection and the testing (see Item 6). We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. However, we will notify you within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We may revoke our approval at any time by written notice to you if we determine that the goods or services are not meeting our then-current specifications, as set forth in the Operations Manual or other written directive.

You must participate in any gift certificate or card program we establish. You must purchase the gift certificates or cards from a source we designate.

You must participate in any online ordering program we establish. You must purchase the online ordering system from a source we designate.

You must participate in any third party delivery service we may require.

We reserve the right to change designated and approved suppliers and vendors at any time upon notice to our franchisees.

The goods and services from approved suppliers represents approximately 30% - 40% of your total purchases to establish your Restaurant and 65% - 75% of your total purchase during the operation of your Restaurant.

Purchases In Accordance With Our Specifications

To maintain that the highest degree of quality and service, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we state in the Franchise Manual or in other written material. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared according to the recipes and procedures stated in the Franchise Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items or differing amounts of any items. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice of any changes in the Franchise Manual.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory, to determine whether the samples meet our then-current standards and specifications. Besides any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications (see Item 6).

You must obtain our consent to the site for the Restaurant before you acquire the site. You also must obtain our consent to any contract of sale or lease for the Restaurant before you sign the contract or lease. We will not consent to any lease unless you sign a collateral assignment of lease in substantially the form attached as Attachment B to the Franchise Agreement and incorporated into the lease as a lease addendum in substantially the form attached as Attachment D to the Franchise Agreement.

Before you open the Restaurant for business, you must obtain the insurance coverage for the Restaurant stated in the Franchise Agreement and the Franchise Manual, including comprehensive general liability insurance, automobile liability coverage, worker's compensation insurance, errors and omissions insurance, and business interruption insurance. Also, related to any construction, renovation or remodeling of the Restaurant, you must maintain builder's risks insurance and performance and completion bonds. You must obtain the policies from an insurance company we approve. The policies must include, at a minimum, the insurance coverage and policy limits we specify. We may change the coverage requirements and the amounts, in our discretion, and will advise you of the changes in the Franchise Manual or in writing. You may, after obtaining our written consent, elect to have reasonable deductibles under certain of the coverages.

We must approve your general contractor, lease, design specifications and building plans so that they meet our standards and specifications. You must also maintain your Restaurant in a high degree of sanitation, repair, appearance, condition, and security in a manner required by the Franchise Agreement and the Manuals. You must abide by our requirements for alterations, remodeling, upgrading, or other improvements to your Restaurant.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Franchise Manual or other written materials. You must submit to us for approval samples of all advertising and promotional plans and materials and public relations programs that you desire to use, including any materials in digital, electronic or computerized form, or in any form of media now existing or that may be developed in the future, that we have not either provided or previously approved. You also must participate in all advertising and promotional campaigns according to the terms we establish for these campaigns. We will approve or disapprove your proposed advertising plans and materials within 15 business days after receipt of these plans and materials.

We may require you to offer delivery or catering services, and any vehicle that you use to deliver Restaurant products and services to customers must meet our standards for appearance and ability to satisfy the requirements imposed on you under the Franchise Agreement. You must place the signs and decor items on the vehicle we require and must at all times keep the vehicle clean and in good working order. You must require each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as noted above, we do not have any standards or exercise control over any motor vehicle that you use.

We estimate that 55% -65% or more of your purchases and leases in establishing your Restaurant and 55% -65% or more of your total purchases and leases in operating your Restaurant will be subject to the restrictions described above.

Supplier Rebates

We currently have rebate arrangements in place. We receive $1.65 per gallon rebate from our drinks supplier $.01 per pound rebate from our French fry supplier and $3 per case rebate from our bread supplier. Finally, we receive rebates from our servicer of used oil collection and recycling calculated on the volume of used oil (amount of rebate depends on the pricing index which changes monthly). In 2017, we received $82,389.54 in rebates from franchisee purchases.

We reserve the right to use these funds for any purpose. Presently our supplier rebates are used in our general fund. We reserve the right to modify any current rebate program and to receive additional rebates or other revenues from any approved or designated suppliers in the future, and all or a portion of those rebates or other revenues may be based on purchases made by our franchisees. These revenues may take the form of rebates, refunds, discounts, marketing support or any other revenue. Except as described above, neither we nor our affiliates currently receive payments, discounts, rebates or refunds based on franchisees' purchases of any products or services from approved or designated suppliers, but we reserve the right to receive any such payments or discounts in the future, including discounts on purchases of electronic point of sale systems, equipment and software from approved suppliers (which discounts may also be made available to you if you purchase through these suppliers).

Revenues From Restricted Purchases

For calendar year 2017, our total revenues were $3,013,836.00 (based on our audited financial statements) and our revenues from all franchisees' required purchases of products and services were $133,021.00. The percentage of franchisor's total revenues from required purchases or leases was .04%.

For calendar year 2017, our affiliate, American Deli, Inc., had total revenues from all franchisees' required purchases of products and services of $726,246.93.

For calendar year 2017, our affiliate, American Kitchen Equipment, LLC, had total revenues from all franchisees' required purchases of products and services of $$641,745.15.

Material Benefits and Cooperatives

We may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described in this Item in which we require you to participate.

We consider a variety of factors when determining whether to grant additional franchises. Among the factors we consider is compliance with the requirements described above. Otherwise, we do not offer any benefits to franchisees for following the requirements in this Item.

We have no purchasing or distribution cooperatives in existence at this time.

We do not make any express or implied warranties with respect to any products or goods we recommend for your use.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise and other Agreements. It will help you find more detailed information about your obligations in these Agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	- Article II of Franchise Agreement - Section 6.7 of Development Agreement	Items 8 and 11
b. Pre-opening purchases/leases	- Articles VI, VII and VIII of Franchise Agreement - Section 6.7 of Development Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	- Article II of Franchise Agreement - Section 3 of Development Agreement	Items 1, 8 and 11
d. Initial and ongoing training	- Article VI of Franchise Agreement - Section 6.6 of Development Agreement	Items 5, 6 and 11
e. Opening	- Article VI of Franchise Agreement - Section 3 of Development Agreement	Items 7 and 11
f. Fees	- Articles IV and VIII of Franchise Agreement - Section 2 of Development Agreement	Items 5 and 6
g. Compliance with standards and policies/Manuals	- Articles II, III, VI VII, VIII, IX, X, XI and XII of Franchise Agreement - Sections 3 and 9 of Development Agreement	Items 11 and 14
h. Trademarks and proprietary information	- Articles IX and X and Attachment C of Franchise Agreement - Attachment B of Development Agreement	Items 11, 13 and 14
i. Restrictions on products/services offered	- Article VII of Franchise Agreement - Development Agreement – N/A	Items 8 and 16
j. Warranty and customer service requirements	- Article VII of Franchise Agreement - Development Agreement – N/A	Item 8
k. Territorial development and sales quotas	- Article III of Franchise Agreement - Section 3 of Development Agreement	Item 12
l. Ongoing product/service purchases	- Article VII of Franchise Agreement - Development Agreement – N/A	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	- Articles II, VII and XIV of Franchise Agreement - Development Agreement – N/A	Items 8 and 11
n. Insurance	- Article XII of Franchise Agreement - Development Agreement – N/A	Items 7 and 8
o. Advertising	- Article XIII of Franchise Agreement - Development Agreement – N/A	Items 6, 8 and 11
p. Indemnification	- Article XV of Franchise Agreement - Section 11 of Development Agreement	Item 6
q. Owner's participation/management/staffing	- Articles VI, XIV, XV and XVIII of Franchise Agreement - Section 6 of Development Agreement	Items 1, 11 and 15
r. Records and reports	- Articles IV, VII and XI of Franchise Agreement - Development Agreement – N/A	Item 6
s. Inspections and audits	- Articles II, VII and XI of Franchise Agreement - Development Agreement – N/A	Items 6, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
t. Transfer	- Article XIV of Franchise Agreement - Section 8 of Development Agreement	Items 6 and 17
u. Renewal	- Article III of Franchise Agreement - Section 3 of Development Agreement	Items 6 and 17
v. Post-termination obligations	- Article XVII of Franchise Agreement - Section 7.6 of Development Agreement	Items 6 and 17
w. Non-competition covenants	- Article X and Attachment C of Franchise Agreement - Section 9 and Attachment B of Development Agreement	Item 17
x. Dispute resolution	- Article XVIII of Franchise Agreement - Section 12.6 of Development Agreement	Item 17
y. Other	N/A	N/A

ITEM 10
FINANCING

Neither we, nor our affiliates or agents, provide financing to franchisees. Neither we nor our affiliates receive any consideration for placing financing with a lender.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING COMPUTER SYSTEMS, AND TRAINING

Except as listed below, American Deli is not required to provide you with any assistance.

Franchisor's Pre-Opening Obligations - Franchisees

Before the opening of a Restaurant we will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable (Franchise Agreement, Section 5.1(a) and Section 5.1 of Development Agreement)

2. On-site evaluations as we deem necessary or in response to your reasonable request for site approval (Franchise Agreement, Section 5.1(b))

3. On loan, a set of prototypical architectural and design plans and specifications for a Restaurant for your adaptation at your expense (Franchise Agreement, Section 5.1(c))

4. On loan, a set of the Franchise Manual (as described below) which we may revise. (Franchise Agreement, Section 5.1(d)).

5. A list of our approved suppliers (Franchise Agreement, Section 5.1(i))

6. An initial training program for your initial Operating Principal and General Manager at no charge to you. If you wish to have additional personnel trained we charge $500 per person (See Item 5). (Franchise Agreement, Section 5.1(j)).

7. Samples or camera-ready artwork of certain advertising and promotional materials and information we may develop for use in the pre-opening promotion of the Restaurant (Franchise Agreement, Section 5.1(f))

We are not required to provide any other service or assistance to you before the opening of the Restaurant.

__Franchisor's Pre-Opening Obligations – Developer Agreement__

Except as listed below, we need not provide any assistance to you as an Area Developer:

1. We will grant you the development rights to a designated Development Area within which you will establish an agreed upon number of Restaurants within the area under separate Franchise Agreements. (Development Agreement – Section 1) If you are an Area Developer, you or your controlled affiliates will sign each Franchise Agreement.

2. We will grant you rights to establish a minimum number of Restaurants at locations we approve within the Development Area granted to you. (Area Developer Agreement – Section 4.)

__Franchisor's Post-Opening Obligations__

During the operation of your Restaurant, we or our Area Representative (if there is one for your territory) will:

1. As we reasonably determine necessary, visits to, and evaluations of, the Restaurant and the products and services provided there to ensure that the high standards of quality, appearance and service of the System are maintained (Franchise Agreement, Section 5.1(e)).

2. Samples or camera-ready artwork of certain advertising and promotional materials we may develop for in-store marketing and Local Advertising for the Restaurant (Franchise Agreement, Section 5.1(f))

3. Advice and written materials (including updates to the Franchise Manual) concerning techniques of managing and operating the Restaurant including new developments and improvements in equipment, food products, packaging and preparation (Franchise Agreement, Section 5.1(g))

4. Certain merchandise, including prepackaged food products and promotional products and memorabilia, for use in the Restaurant and for resale to your customers, in quantities sufficient to meet your customer demand, at a reasonable cost may be made available to franchisees in the System. We also may, at our option, make available to you certain other equipment, inventory and decor items at a reasonable cost. (Franchise Agreement, Section 5.1(h)).

5. On-site post-opening assistance at the Restaurant as we find appropriate. (Franchise Agreement, Sections 5.1(k) and 6.5(d)).

6. Training programs and other related activities for the operation of the Restaurant as we may conduct for you or Restaurant personnel generally, which your Operating Principal, General

Manager and other Restaurant personnel may be required to attend. (Franchise Agreement, Section 6.5(c)).

7. Certain on-site remedial training for your Restaurant personnel when you reasonably request it or as we find appropriate. If you request the remedial training, we may require you to pay the per diem of the employees providing the training and our expenses in providing the training (See Item 6). (Franchise Agreement, Section 6.5(d)).

8. Administration of the advertising fund and cooperatives, if established. (Franchise Agreement, Sections 8.3 and 8.4).

We are not required to provide any other service or assistance to you for the continuing operation of the Restaurant.

Advertising

If we request, you must spend annually throughout the term of the Franchise Agreement, 1% of the Gross Sales of the Restaurant on advertising for the Restaurant in your Assigned Area for Local Advertising. We currently require franchisees to spend 0% of Gross Sales on Local Advertising. This amount is not paid to us, but rather you spend it directly in your local market. If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your Local Advertising obligations. We must approve all advertising before you use it. You must not advertise or use the Marks in any fashion on the Internet, World Wide Web or by other means of advertising through telecommunication without our express written consent. You must provide us with an advertising expenditure report to show that you have complied with the Local Advertising requirement on or before the 1st day of February following the end of each calendar year; provided that day is a business day. If it is not a business day, then the report is due on the next business day. Costs you incur with any of the following are not to be included in your expenditures on Local Advertising unless we approve in advance in writing:

1. Incentive programs for your employees or agents, including the cost of honoring any coupons distributed for the programs;

2. Research expenditures;

3. Salaries and expenses of your employees, including salaries or expenses for attendance at advertising meetings or activities;

4. Charitable, political or other contributions or donations;

5. In-store materials consisting of fixtures or equipment; and

6. Seminar and educational expenses of your employees.

We have established a marketing fund (the "Restaurant Fund") for the System for advertising and marketing of Restaurants. You must make monthly contributions to the Fund to be paid in the same manner as the royalty payments. Initially that contribution will be 1% of your Restaurant's Gross Sales. We may increase the amount you must contribute to the Fund, up to a maximum of 2% of your Restaurant's Gross Sales. We may require you to allocate to the Fund all or part of your required Local Advertising expenditures and Cooperative contributions (described below). We or our affiliates will contribute to the Fund generally on the same basis as you do for Restaurants that we or they operate.

We or someone we designate will administer the Fund. We will direct all advertising and marketing programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. In administering the Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. Except for a portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the Website), the Fund is not used for advertising or marketing that focuses primarily on soliciting the sale of franchises. However, our advertising and marketing materials may include references to our franchise offering and the availability of franchises.

The Fund may be used to satisfy the costs of developing, preparing, administering, conducting and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs and activities of every kind and nature, through media now existing or that may be developed in the future, including the cost of developing, maintaining and updating our Website, preparing and conducting television, radio, magazine, newspaper and electronic advertising and marketing campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research; employing advertising agencies; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. We will maintain all sums you pay to the Fund and we may use them to defray our reasonable administrative costs and overhead that we may incur in the administration or direction of the Fund and advertising and marketing programs for you and the System. The Fund and its earnings will not benefit us in any other way. The Fund is operated only as a conduit for collecting and spending the advertising fees as outlined above. Any sums paid to the Fund that are not spent in the year they are collected will be spent in the following year or returned to the contributors in proportion to the amounts paid by them, without interest.

We will prepare an annual statement of the operations of the Fund that will be made available to you if you request it. We are not required to have the Fund statements audited. Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on the basis described above. During our fiscal year 2017, the Fund received franchisee contributions of $499,732.31. During our fiscal year 2017, the Fund monies were spent as follows: (a) production – 52%, (b) media placement – 8%, and (c) administration support to the franchisees – 17% and (d) 25% was used for the production of “American Deli” branded items and products (e.g. cups bearing the “American Deli” logo).

We presently do not have a National Advertising Council.

We currently advertise the Restaurants primarily using point of purchase advertising materials and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including: television, radio, magazine, newspaper and electronic advertising campaigns;

and direct mail advertising. We use outside vendors to develop the majority of our advertising. We presently conduct advertising on a local basis. In the future, we contemplate advertising on an international, national, regional and local basis through the use of the Fund, Local Advertising and Cooperatives (described below).

We may designate any geographic area in which 2 or more Restaurants are located as a region to establish an advertising Cooperative. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or franchised. We will determine in advance how each Cooperative will be organized and governed and when it must start operation. We have the right to form, dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in Local Advertising. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents. A copy of the Cooperative documents applicable to the geographic area in which your Restaurant will be located will be provided to you if you request it.

You must contribute to the Cooperative the amounts required by the documents governing the Cooperative. However, you will not be required to contribute more than 1% of your Gross Sales during each month to the Cooperative unless, subject to our approval, the members of the Cooperative agree to the payment of a larger fee. You may apply the payments toward satisfaction of your Local Advertising requirement. We also may allocate your contributions to a Cooperative to the Fund, as described above. All contributions to the Cooperative will be maintained and administered according to the documents governing the Cooperative. The Cooperative will be operated only as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently, no Cooperatives exist. Each Cooperative must prepare an annual financial statement reporting its expenditures for the previous year to its members.

Your total required contribution to the Fund and the Cooperative and expenditure for Local Advertising will not exceed 2% of your Gross Sales.

Neither the Fund nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises for Restaurants.

You also must place and pay the cost of a Yellow Pages trademark or other business listings in the Restaurant's local market area. You may not apply any amount you pay for Yellow Pages trademark or other business listings toward satisfaction of your Local Advertising requirement.

Except as described above, we are not obligated to spend any amount on advertising in the area where your Restaurant is located.

There is not an advertising council composed of franchisees that advises us on advertising policies.

Training

No later than 30 days before the date the Restaurant begins operation, your Operating Principal and General Manager must attend and complete, to our satisfaction, our initial training program for Restaurants. We will conduct this training at our training center in Atlanta, Georgia, or at another location we designate. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of these Restaurants. We anticipate that the initial training program will be offered about 12 times a year. The initial training program is designed for 80 hours and is generally held over 10 days. We will provide instructors and training materials for the initial training of your initial Operating Principal and General Manager at no charge to you. You also may have additional personnel trained for the Restaurant, although we may charge $500 per person for that training. We will determine whether the Operating Principal and any General Manager have satisfactorily completed initial training in our sole discretion. If the Operating Principal or General Manager does not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training. Any Operating Principal or General Manager you lately designate also must receive and complete the initial training. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor Operating Principal or General Manager. If you fail to have a replacement manager attend training and be certified as meeting our requirements, we may charge you a support fee of $100 per week until a replacement General Manager is trained or certified. You must pay for all expenses you and your Operating Principal, General Manager and other personnel incur for any training program, including costs of travel, lodging, meals and wages.

The Operating Principal, General Manager and other personnel must attend the additional training programs and seminars we offer if mandatory. For all of these programs and seminars, we will provide the instructors and training materials. If the training is mandatory, we will not charge you a fee for attending the training. We reserve the right to charge a reasonable fee for the additional training programs and seminars that we provide on an optional basis. Your Operating Principal must attend our annual meeting and any other meetings we determine to be mandatory. We reserve the right to charge a reasonable fee for the annual meeting and each other mandatory meeting. You also must pay for all expenses you or your Operating Principal, General Manager and other personnel incur in participating in any additional training or meetings, including costs of travel, lodging, meals, and wages. The subjects covered, hours of classroom and on the job training and instructors providing the initial training program for the Restaurant are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
Orientation	3	5	Riverdale, Georgia or
Food Safety	2	0	
Menu	1	2	
Opening Procedures	0	7	
Closing Procedures	0	7	

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
Food Preparation	0	32	Atlanta, Georgia
Cashier Duties	2	16	
Management	6	0	
Marketing	2	1	
Wrap-Up	6	0	
Total Hours	20	70	

The entire training program may be changed due to updates in materials, methods, manuals and personnel without notice to you. Marta Cleary is in charge of our training program. She has 23 years of experience in the restaurant industry as a manager, operator, and franchisee business consultant. She has been with American Deli since August of 2017. We also anticipate using personnel from our training Restaurant in conducting Restaurant operations training. The instructional materials used in the initial training consist of our Operations Manual, Training Manual, marketing and promotion materials, programs related to the operation of the point of purchase system, and other written directives related to the operation of the Restaurant (collectively, the "Manual"). The subjects and time periods allocated to the subjects actually taught to you and your personnel may vary based on the experience of those persons being trained.

If you reasonably request or as we deem appropriate, we will, when our personnel is available, provide you with additional trained representatives who will provide on-site remedial training to your Restaurant personnel. For additional training that you request, you must pay the per diem fee then being charged to franchisees under the System for the services of our trained representatives, plus their costs of travel, lodging, meals, and wages. The per diem fee will not be charged if the assistance is provided based on our determination that the training is necessary; however, we reserve the right to charge for our reasonable expenses incurred in providing the assistance.

Operations Manual Table of Contents: The Table of Contents for our Franchise Manual is attached as Exhibit F to this Disclosure Document. The Franchise Manual currently contains 100 pages.

Site Selection and Territory

You must assume all costs and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You and we will agree on either the site or a geographical area in which you must obtain a site before you sign the Franchise Agreement. You will select the site for the Restaurant subject to our consent. The Restaurant may not be relocated without first obtaining our written consent. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. You must submit information and materials for the proposed site to us for consent no later than 180 days after you have signed the Franchise

Agreement. We will have 30 days after we receive this information and materials from you to consent or disapprove to the proposed site as the location for the Restaurant. You must purchase or lease, at your expense, the site for the Restaurant within 45 days after we consent to it. You must obtain our consent of any sale or lease contract before you sign it. If a suitable location is not obtained within 180 days after you have signed the Franchise Agreement, we may elect to terminate the franchise agreement. We will not refund the Initial Franchise Fee.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance that we think is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, shopping mall, tenant mix, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic.

We may provide on-site evaluations of the proposed site. We will not provide an on-site evaluation for any proposed site before receiving from you the materials you must submit to us as described above. After that, if we think an on-site evaluation of your proposed site is necessary or if you reasonably request, we will provide an on-site evaluation. We reserve the right to charge a reasonable fee for each evaluation, and our reasonable expenses will include the cost of travel, lodging, meals and wages.

We estimate that the time from the signing of the Franchise Agreement to the opening of the Restaurant will be about 4 to 6 months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. You must open the Restaurant and begin business within 90 days after you obtain possession of the accepted location, unless you obtain a written extension of this time period from us. If you do not obtain a site that we accept, and construct the store within the time periods required in the Franchise Agreement, we may terminate the Franchise Agreement and your initial franchise fee will be forfeited.

Computer and Electronic Point of Sale Systems

You must purchase and use certain electronic point of sale systems, computer hardware and software from our designated supplier according to our specifications. We may use the system to collect and monitor point of sale information, and our use may be expanded to collect and monitor inventory control and shrinkage, payroll and accounting information, and credit card processing. Our approved supplier has developed certain data base configuration software specifically for tracking information relevant to the Restaurants' business and will charge a fee for this software. We have approved no other compatible program. You must allow us or our approved supplier to upgrade the proprietary database configuration of the electronic point of sale system in your Restaurant as we determine necessary. We or our approved supplier may provide you periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates.

The system is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. Specifically, we may require that you install and maintain systems that permit us and our representatives to access and retrieve electronically any information stored in your point of sale or computer systems, including information on your Restaurant's Gross Sales, at the times and in the manner that we state from time to time. You must, at our option, sign any documents we deem necessary to permit us or our representative to retrieve this information.

The fully integrated point of sale system we prescribe consist of a desktop computer, touch screen monitor, printer, NCC Reflection Software, RHQ online information tracking system and is the only approved electronic point of sale system. The cost of purchasing this system ranges from $2,500 to $3,500 per station. Neither we, nor our affiliates or any third party is required to provide ongoing maintenance, repairs, upgrades or updates. We may revise our specifications for the hardware and software as we determine necessary to meet the needs of the System. There is no contractual limitation on our ability to require the hardware and/or software be changed, improved, updated or upgraded. The annual cost of any optional or required maintenance, updating, upgrading or support contracts is estimated to be $1,200 per year.

You must install, maintain, upgrade and repair a digital menu board and related software systems from our approved supplier. The cost of purchasing this system is approximately $4,000. Neither we, nor our affiliates or any third party is required to provide ongoing maintenance, repairs, upgrades or updates. We may revise our specifications for the hardware and software as we determine necessary to meet the needs of the System. There is no contractual limitation on our ability to require the hardware and/or software be changed, improved, updated or upgraded. The annual cost of the required support contracts varies according to the applicable cost of the maintenance matter.

You must install any other hardware or software for the operation of the Restaurant that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of any enhancements, additions, substitutions, modifications or upgrades of the required hardware and software. We also may require you to license from us or others that we designate, any computer software we develop or acquire for use by System Restaurants.

You must, at our option, sign the forms and documents that we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us on the termination or expiration of the Franchise Agreement: (i) All rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Restaurant. You have no authority to and may not establish any website or listing on the Internet or World Wide Web without our written consent.

ITEM 12
TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Franchise Agreement grants you the right to operate a Restaurant at a single location that you select. The cover page of the Franchise Agreement lists the specific street address or physical space of the accepted location and, if the location is not identified at the time the Franchise Agreement is signed, a site selection area in which you must locate the Restaurant, which site selection area will not be exclusive to you for any purpose. You must operate the Restaurant only at this accepted location and may not relocate the Restaurant without first obtaining our written consent. You may not establish or operate another Restaurant unless you enter into a separate Franchise Agreement.

Under the Franchise Agreement, you will receive an Assigned Area. We and our affiliates will not establish a Restaurant or authorize any other person or entity to establish a Restaurant within the Assigned Area. The Assigned Area will be described on the cover page of the Franchise Agreement. We will determine the Assigned Area at the time the Restaurant location is accepted based on various market and economic factors such as population density, an evaluation of market demographics, the market penetration of the System and similar businesses, the availability of appropriate sites and the growth trends in the market. We, our affiliates, and any other authorized person or entity may, at any time, advertise and promote the Restaurant, and fill customer orders by providing catering and delivery services in the Assigned Area. We and our affiliates also may offer and sell and authorize others to offer and sell: (i) collateral products under the Marks, at or from any location, such as pre-packaged food products and Restaurant memorabilia; (ii) food and beverage services under the Marks at or through any other distribution system or food service facility (other than a traditional Restaurant) such as Walmart, gas stations, convenience stores, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations; and, (iii) any products or food and beverage services under any other names and marks.

The territorial rights granted to you under the Franchise Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency. Also, the Assigned Area may not be altered before the Franchise Agreement expires or terminates.

There are no restrictions on us or any other franchisee from soliciting or accepting orders from consumers located inside the Assigned Area. Although we have not done so, we reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Assigned Area using the Marks. Although we have not done so, we also reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Assigned Area of products or services under trademarks different from the ones you will use under the Franchise Agreement. We are not required to pay you any compensation for soliciting or accepting orders from inside the Assigned Area.

You may solicit and accept orders outside of the Assigned Area, including the right to use other channels of distribution only as we authorize, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Assigned Area.

Development Agreement

You will not receive an exclusive territory. You may face competition from other developers, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the Development Agreement, we grant you a Territory. We determine the Territory before you sign the Development Agreement based on various market and economic factors like market demographics, the penetration of American Deli Restaurants and similar businesses in the market, the availability of appropriate sites and growth trends in the market. The Territory may be all or a portion of a city, a single or multi-county area, or some other area, and will be described in Attachment E to the Development Agreement. The Territory does not include any Reserved Areas. "Reserved Areas" means any enclosed area of retail sales establishments in excess of 250,000 square feet or any non-traditional restaurant setting such as gas stations, convenience stores, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events.

You must develop Restaurants in the Territory in accordance with the Development Schedule described in Section 3 of the Development Agreement. You and we agree to the Development Schedule before signing the Development Agreement. If you stop operating any American Deli Restaurant during the term of the Development Agreement, you must develop a replacement American Deli Restaurant within a reasonable time (not to exceed 210 days) after you stop operating the original Restaurant. If you transfer your interest in a Restaurant during the term of the Development Agreement in compliance with the related Franchise Agreement for the Restaurant, the transferred Restaurant will continue to be counted in determining whether you have complied with the Development Schedule, unless the transferred Restaurant is no longer operated as an American Deli Restaurant. In that case, you must develop a replacement American Deli Restaurant with a reasonable time (not to exceed 210 days) after the transferred restaurant ceases to operate as an American Deli Restaurant.

If you comply with the Development Agreement and all other agreements that you or your affiliates have with use or our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish, an American Deli Restaurant in the Territory during the term of the Development Agreement. We retain all other rights. Among other things, this means that we can conduct activities in the Territory (like those described above in relation to the Reserved Areas) without compensating you.

If you fail to comply with the Development Schedule, or otherwise materially default under the Development Agreement, then we may (in addition to our other remedies) terminate or modify your territorial rights, reduce the area of territorial rights, or reduce the number of Restaurants that you may establish. When the Development Agreement expires or is terminated, you cannot develop additional Restaurants in the Territory (but you may complete development of and/or operate American Deli Restaurants under then-existing Franchise Agreements), and we may develop or authorize others to develop American Deli Restaurants in the Territory and exercise all rights not expressly granted to you under your Franchise Agreements.

<u>Continued Territorial Rights and Rights of First Refusal</u>

Except as described above, continuation of your territorial rights does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Territory.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark, which business sells or will sell goods or services similar to those you will offer.

We do not grant any right of first refusal to obtain additional Restaurant locations.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin we designate, including the Marks described in Item 1. These Marks may be used only in the manner we authorize and only for the operation of your Restaurant at the location stated in the Franchise Agreement.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of, or our rights in and to, the Marks. The Development Agreement does not grant you any rights to use, or interest in, the Marks.

Our affiliate, American Deli Plus, Inc. ("ADP") owns the Marks and has registered the following principal Marks with the U.S. Patent and Trademark Office on the Principal Register and has filed all required affidavits:

Description	Federal Registration Number	Registration Date
AMERICAN DELI	3759938	March 16, 2010, Section 8 and 15 accepted May 19, 2015
American Deli	3759934	March 16, 2010, Sections 8 and 15 accepted May 19, 2015

Description	Federal Registration Number	Registration Date
AMERICAN DELI	3741212	January 19, 2010, Section 8 and 15 accepted May 16, 2015
American Deli	5320644	October 31. 2017
American Deli	Serial Number 87167289	Notice of Allowance October 10, 2017

There are no currently effective determinations of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

ADP owns the Marks and has granted us a worldwide, non-exclusive, royalty-free right and license to use these Marks on or for the marketing, promotion, sale and providing of any goods or services. The license will continue until terminated by either party. Notwithstanding the termination of this license, you will continue to have the right to use these Marks until the termination of and in accordance with your Franchise Agreement, including any renewal if you comply with all of the terms of the Franchise Agreement and the license granted by ADP to us to use these Marks

Except as described above, there are no agreements currently in effect that limit our rights to use or license the use of the Marks. We know of no superior prior rights in any Mark that could materially affect your use of the Marks in this or any other state

We periodically become aware of infringing uses of the Marks. In this situation, we take action against the infringer as we deem appropriate under the circumstances. While we have not conducted a comprehensive investigation of all potential infringers, we have become aware of several businesses that are using the Marks or other trademarks similar to the Marks. We have sent letters to these businesses demanding that they cease and desist from using the Marks without our authorization and we intend to continue to take action against them to protect the Marks. Except as described above, we know of no infringing uses of any Mark that could materially affect your use of the Marks in this or any other state.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, their counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or Patent and Trademark

Office or other administrative or agency proceeding caused by any infringement, challenge or claim or relating in any other manner to any of the Marks. You must sign all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or Patent and Trademark Office or other administrative or agency proceeding or to protect in some other manner and maintain our interests and the interests of any other person or entity having an interest in the Marks.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to the Marks. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement is nonexclusive to you. We and our affiliates have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted to existing franchisees;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we develop for that purpose.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We have no patents or registered copyrights that are material to the franchised business.

Confidential Manual

You must operate the Restaurant in accordance with the standards and procedures stated in the Manual. We will loan one copy of the Franchise Manual to you for the term of the Franchise Agreement.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Restaurant and the information in them as confidential. You also must use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, record, or reproduce in any manner these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Manual and you must comply with each new or changed standard. You also must insure that the Manual is kept current at all times. If there is a dispute as to the contents of the Manual, the terms of the master copy we maintain at our home office will be controlling. You must return to us all pages that are replaced in the Manual.

Confidential Information

We claim proprietary rights in certain of our recipes that are included in the Franchise Manual and that are our trade secrets. You and each of your Controlling Principals are prohibited, during and after the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of the Franchise Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how on the methods of operation of the Restaurant that may be communicated to you or any of your Controlling Principals or that you may learn about, including these trade secrets. You and each of your Controlling Principals can divulge this confidential information only to your employees who must have access to it to operate the Restaurant. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or reproduce in any manner the materials or information nor make them available to any unauthorized person. All information, knowledge, know-how and techniques for the System that we communicate to you, including the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

If we ask, you must have your General Manager and any of your management personnel who have received or will have access to confidential information, sign similar covenants. The covenants will be substantially as stated in Attachment C to the Franchise Agreement. Your Principals also must sign these covenants.

If you or your Controlling Principals develop any new concept, process or improvement in the operation or promotion of the Restaurant, you must promptly notify us and give us all necessary information, free of charge. You and your Controlling Principals must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

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

When you sign the Agreements, you must designate and retain at all times an individual to serve as the "Operating Principal" under the Agreements. If you are an individual, you must be the Operating Principal. If you are an entity, the Operating Principal must be one of your Controlling Principals and must hold an ownership interest in you or any entity that directly or indirectly controls you. Except as may be provided in the Agreements, the Operating Principal's interest in you must remain free of any pledge, lien, encumbrance, voting agreement, proxy, or purchase right or option.

The Operating Principal may, at his or her option, and subject to our approval, designate an individual to perform the duties of the Operating Principal stated in the Agreements. The Operating Principal must take all necessary action to ensure that the designee conducts and fulfills all of the Operating Principal's obligations and remains fully responsible for his performance. The Operating Principal (or his designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Restaurant. The Operating Principal must sign the Agreements as one of your Controlling Principals, and will individually guarantee all of your obligations, and will be jointly and severally bound by all of your obligations and the obligations of the Operating Principal and your Controlling Principals under the Agreements.

The Operating Principal (and any designee) must meet our standards for these positions, as provided in the Manual or other written instructions. The Operating Principal (or his or her designee) must satisfy the training requirements stated in the Franchise Agreement.

If, during the term of the Agreements, the Operating Principal or any designee cannot serve as Operating Principal or no longer qualifies, you must promptly notify us and designate a replacement within 30 days after the Operating Principal or designee stops serving or no longer meets the requirements. Any replacement must meet the same qualifications listed above. You must provide for interim management of the Restaurant until you designate a replacement. This interim management must be conducted in accordance with the Agreements.

As described in Item 1, we have identified certain persons under the Agreements that we refer to in this Disclosure Document as your Principals. Your Principals include your spouse, if you are a married individual, your Principals also include those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) whom we designate as your Principals and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you. Your Principals, including your spouse, must sign a personal guaranty and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and to personally guaranty your performance under the Agreements.

If we designate certain of your Principals as Controlling Principals, they must sign the Franchise Agreement and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and to personally guarantee your performance under the Agreements. We typically designate your principal equity owners and executive officers, and any other affiliated entities that operate Restaurants as Controlling Principals.

Under the Franchise Agreement, you must retain at all times a General Manager and the other personnel that are needed to operate and manage the Restaurant. The General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, and must be acceptable to us. In addition, the General Manager must be responsible for the supervision and management of the Restaurant, and must devote full time and best efforts to this activity. The General Manager also must satisfy the applicable training requirements in the Franchise Agreement. If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within the same time period and under the same conditions stated above for the Operating Principal.

You also must obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your General Manager and any of your other management personnel who have received or will have access to our training before or during employment, and any holder of a beneficial interest in you (except for any limited partners) who is not designated as a Controlling Principal and does not sign the Franchise Agreement as a Controlling Principal. You must require all of your management personnel to sign covenants that they will maintain the confidentiality of information they receive or have access to, based on their relationship with you. These covenants will be in substantially the same form attached to the Franchise Agreement as Attachment C. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the noncompetition covenants in the attachments or eliminate the noncompetition covenants altogether for any party that must sign an agreement as described in this paragraph.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all of our standards and specifications for the purchase of all food, food products and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale systems and computer systems), utensils and other kitchen items and products used or sold at the Restaurant.

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as we authorize in writing. You must sell and offer for sale only the menu items, and other products and services that we have approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we disapprove in writing at any time. We have the right to change the types of menu items, products and services you offer at the Restaurant at any time, and there are no limits on our right to make those changes. You may not install or permit to be installed in the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items we have not approved.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation in the Franchise Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We may offer guidance concerning the selling price for the goods, products and services offered from your Restaurant. You are in no way bound to adhere to any recommended or suggested price. You have the right to sell your products and provide services at any price that you determine. If you elect to sell any or all of your products or merchandise at any price we recommend, we make no guarantees or warranties that offering these products or merchandise at the recommended price will enhance your sales or profits.

We and our affiliates have developed certain products for use in the System that are prepared from proprietary recipes and certain products that bear the Marks. Because of the importance of quality and uniformity of production and the significance of the proprietary recipe and trademarked products in the System, it is to our and your benefit that we closely control the production and distribution of these products. You must use our recipes and certain products manufactured by or for us. You must purchase all of your requirements for these products only from us or from sources we designate or, with respect to products manufactured by or on our behalf, from a seller of these products.

We may make available and may require you to purchase from us for resale to your customers certain pre-packaged food products and promotional merchandise, such as T-shirts and re-fill cups in amounts sufficient to meet your customer demand.

You must participate in any gift certificate or card program we establish. You may not create or issue your own gift certificates or cards.

We impose no other restrictions in the Franchise Agreement as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 3.1	Term continues for 10 years from the date the Restaurant opens unless terminated earlier.
b. Renewal or extension of the term	Section 3.2	Franchise Agreement may be renewed at your option for 2 additional 5 year terms.
c. Requirements for you to renew or extend	Section 3.2	To renew you must give at least 3 months notice, repair and update equipment and Restaurant premises if required, not be in breach of any agreement with us or our affiliates, have the right to remain in possession of Restaurant premises, pay renewal fee, sign our then-current franchise agreement (which may contain materially different terms than your franchise agreement) and general release, and comply with current qualification and training requirements (see State Addenda to Disclosure Document and State Amendments to Franchise Agreement).
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 16.1, 16.2 and 16.3	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	Sections 16.2 and 16.3	We may terminate you for cause if you fail to cure certain defaults, including: If you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within 5 days after notice (or longer period required), fail to have signed the Confidentiality and Noncompetition Covenants in the Franchise Agreement within 5 days after a request, fail to procure and maintain required insurance within 7 days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice.
h. "Cause" defined – non-curable defaults	Sections 16.1 and 16.2	We may terminate you for cause if you commit certain defaults, including: If you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Restaurant when required, abandon or lose right to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent or maintain false books or records.
i. Your obligations on termination/non-renewal	Section 17	Obligations include: you must cease operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Franchise Manual and other proprietary materials, comply with confidentiality requirements, and at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business.
j. Our assignment of contract	Section 14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
k. "Transfer" by you – defined	Section 14.2(a)	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person).
l. Our approval of your transfer	Section 14.2(b)	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for our approval of transfer	Section 14.2(b)	Conditions include: you must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, attend training and sign current Franchise Agreement (see State Addenda to Disclosure Document and State Amendments to Franchise Agreement).
n. Our right of first refusal to acquire your business	Section 14.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms.
o. Our option to purchase your business	Sections 17.12 and 14.4	Other than assets on termination, nonrenewal or right of first refusal, we have no right or obligation to purchase your business.
p. Your death or disability	Section 14.5	If you or a Controlling Principal are a natural person, on death or permanent disability, we must approve your successor, or franchise must be transferred to someone we approved within 6 months after death or notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section 10.3(a)	You are prohibited from operating or having an interest in a similar business.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3(b)	You and your Controlling Principals are prohibited from operating or having an interest in a similar business which is located, or is intended to be located within a 25-mile radius of any Restaurant in existence or under construction as of the earlier of (i) the expiration or termination of, or the transfer of all of your interest in, the Franchise Agreement or (ii) the time a Controlling Principal ceases to satisfy the definition of a Controlling Principal, as applicable, subject to state law.
s. Modification of the agreement	Sections 10.1(e), 10.3(e) and 18.3	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Franchise Manual as amended.
t. Integration/merger clause	Section 18.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement will disclaim or require you to waive reliance on any representation we make in this Disclosure Document (including exhibits and amendments).
u. Dispute resolution by arbitration or mediation	Sections 18.8 and 18.9	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our headquarters or arbitrated in Riverdale, Georgia, subject to state law.
v. Choice of forum	Section 18.10	The venue for all proceedings related to or arising out of the Franchise Agreement is DeKalb County, Georgia, unless otherwise brought by us (see State Addenda to Disclosure Document and State Amendments to Franchise Agreement). (Subject to state law).
w. Choice of law	Section 18.10	The Franchise Agreement is to be interpreted, governed and construed under Georgia law (except for Georgia choice of law rules) (see State Addenda to Disclosure Document and State Amendments to Franchise Agreement). (Subject to state law).

THE AREA DEVELOPMENT RELATIONSHIP

The following table lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 4	The earlier of (a) the date your development obligations are complete, (b) 12:00 Midnight on the last day of the Development Schedule or (c) 12:00 Midnight on the 361st day after the date of the agreement.
b. Renewal or extension of the term	Section 3	We do not offer renewal terms. We may extend the term of the Development Agreement to allow you to develop a replacement American Deli Restaurant under the same terms and conditions found in the Development Agreement.
c. Requirements for franchisee to renew or extend	Section 3	We do not offer renewal terms. If the extension is to permit you to develop a replacement American Deli Restaurant, you must develop a replacement American Deli Restaurant.

Provision	Section in Development Agreement	Summary
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 7.1 to 7.3	We may terminate on your default.
g. "Cause" defined – curable defaults	Sections 7.2 and 7.3	For any default except those specified as noncurable you have 30 days to cure (except only 5 days for failure to submit a required report or pay monies, and only 24 hours for misuse of the Marks).
h. "Cause" defined – non-curable defaults	Section 7.1	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; failure to qualify for grant of license, comply with development schedule, develop replacement restaurant or execute a required Franchise Agreement; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to effect approved transfer upon death or permanent disability; misuse of the Marks; or assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws or regulations.
i. Franchisee's obligations on termination/nonrenewal	Section 7.6	You will have no right to establish or operate any American Deli Restaurant for which a Franchise Agreement has not been signed; you must pay amounts due and our damages and enforcement costs; and comply with confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 8.1	We may transfer our rights without restriction.
k. "Transfer" by franchisee – defined	Section 8.2	You must not transfer any direct or indirect interest in you, the Development Agreement or the assets of the franchised business without our consent.
l. Franchisor's approval of transfer by franchisee	Section 8.2	We must consent and you must meet conditions before transferring.

Provision	Section in Development Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 8.2	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our criteria, complete required training, guaranty obligations; enter into then-current development agreement and pay training, legal and accounting costs associated with transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.5	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Franchisor's option to purchase franchisee's business	Not Applicable	No Applicable
p. Death or disability of franchisee	Section 8.6	On death or permanent disability of you or an Owner, the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section 9.2	You may not operate or have an interest in a business which is similar to the franchised business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 9.2	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business within the Territory or within a 25-mile radius of the location of any American Deli Restaurant then in existence or under construction, subject to state law.
s. Modification of the agreement	Section 12.2	Except for changes we can make unilaterally, changes require mutual agreement. You must comply with the Manuals as amended.
t. Integration/merger clause	Section 12.2	Only the terms of the Development Agreement, this disclosure document and other related written agreements signed by the parties are binding. No other representations or promises are binding. This is subject to state law.
u. Dispute resolution by arbitration or mediation	Section 12.6	Claims, controversies or disputes from or relating to the Development Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property, subject to state law.
v. Choice of forum	Section 12.7	Unless contrary to applicable state law: Mediation at the American Arbitration Association offices nearest to our principal place of business, except actions

Provision	Section in Development Agreement	Summary
		for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Venue for any litigation is the state courts in DeKalb County, Georgia, and Federal Courts in the Northern District of Georgia.
w. Choice of law	Section 12 .8	Unless contrary to applicable state law, the Development Agreement will be interpreted and construed under Georgia law (except for Georgia's conflict of law rules).

The provision in the Agreements that terminates the agreement on your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about your future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Yon S. Kim, our President, 2716 Northeast Expressway, Atlanta, GA 30345, Tel: 404-254-3444, the Federal Trade Commission, and the appropriate state regulatory agency.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1 SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2015 TO 2017				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2015	100	108	+8
	2016	108	122	+14
	2017	122	143	+21
Company-Owned	2015	2	2	0
	2016	2	4	+2
	2017	4	7	+3
Total Outlets	**2015**	**102**	**110**	**+8**
	2016	**110**	**126**	**+16**
	2017	**126**	**150**	**+24**

TABLE NO. 2 TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2015 TO 2017		
State	**Year**	**Number of Transfers**
Alabama	2015	1
	2016	1
	2017	1
Florida	2015	0
	2016	0
	2017	0
Georgia	2015	10
	2016	12
	2017	12
Mississippi	2015	0
	2016	0
	2017	2
North Carolina	2015	0
	2016	0
	2017	0
South Carolina	2015	0
	2016	0
	2017	0
Texas	2015	0
	2016	0
	2017	0
Tennessee	2015	0
	2016	0
	2017	1
Total	**2015**	**11**
	2016	**13**
	2017	**16**

TABLE NO. 3 STATUS OF FRANCHISE OUTLETS FOR YEARS 2015 TO 2017								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Alabama	2015	11	3	0	0	0	0	14
	2016	14	2	0	0	0	0	16
	2017	16	3	0	0	0	0	19
California	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Florida	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Georgia	2015	76	4	0	0	0	1	79
	2016	79	6	0	0	0	0	85
	2017	85	9	0	0	0	1	93
Louisiana	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Mississippi	2015	5	0	0	0	0	0	5
	2016	5	1	0	0	0	0	6
	2017	6	0	0	0	0	0	6
North Carolina	2015	2	2	0	0	0	0	4
	2016	4	3	0	0	0	0	7
	2017	7	7	0	0	0	0	14
South Carolina	2015	2	0	0	0	0	0	2
	2016	2	2	0	0	0	0	4
	2017	4	1	0	0	0	10	4
Tennessee	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
Texas	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	1	2
	2017	2	0	0	0	0	0	2
Totals	**2015**	**100**	**10**	**0**	**0**	**0**	**2**	**108**
	2016	**108**	**15**	**0**	**0**	**0**	**1**	**122**
	2017	**122**	**23**	**0**	**0**	**0**	**2**	**143**

TABLE NO. 4 STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2015 TO 2017							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
Alabama	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
Georgia	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
	2017	2	3	0	0	2	3
Louisiana	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	1	0
NC	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	2	0	0	2	0
SC	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
Tennessee	2015	0	0	0	0	0	0
	2016	0	2	0	0	0	2
	2017	2	1	0	0	1	2
Total	**2015**	**2**	**0**	**0**	**0**	**0**	**2**
	2016	**2**	**2**	**0**	**0**	**0**	**4**
	2017	**4**	**9**	**0**	**0**	**6**	**7**

TABLE NO. 5 PROJECTED OPENINGS AS OF DECEMBER 31, 2017			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets In The Next Fiscal Year**	**Projected New Company-Owned Outlets In The Next Fiscal Year**
Alabama	1	8	0
California	0	0	0
Florida	0	2	0
Georgia	2	8	1
Louisiana	0	0	1
Mississippi	1	1	0
North Carolina	3	3	0
South Carolina	1	1	0
Tennessee	0	3	0
Texas	0	0	0
Total	**8**	**26**	**2**

The names, addresses and telephone numbers of all franchisees (including any area developers) and the location of their Restaurants as of the end of our most recently completed fiscal year, are attached as Exhibit H.

The names, addresses and telephone numbers of all franchisees who have had a franchise agreement terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the application date, are attached as Exhibit J.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Some of our franchisees have signed confidentiality clauses during our last 3 fiscal years. In some circumstances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our System. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.

We do not have a franchise advisory board, and to our knowledge there are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are our audited financial statements for the fiscal years ending December 31, 2017, December 31, 2016 and December 31, 2015.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1.	Franchise Agreement Attachment A – Controlling Principals Guaranty and Covenant Attachment B – Collateral Assignment of Lease Attachment C – Confidentiality Agreement and Ancillary Covenants Not To Compete	Exhibit B
2.	Electronic Funds Transfer Authorization	Exhibit C
3.	Power of Attorney (Telecommunications)	Exhibit D
4.	Asset Purchase Agreement	Exhibit E
5.	Development Agreement	Exhibit G
7.	Form of General Release	Exhibit K

ITEM 23
RECEIPTS

When you receive this Disclosure Document, please have all applicants sign and return Copy 2 of the Receipt page attached at the back of this Disclosure Document to American Deli International, Inc., 2716 Northeast Expressway, Atlanta, Georgia 30345, acknowledging your receipt of the Disclosure Document. Please keep Copy 1 for your records.

EXIBIT A
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

AMERICAN DELI INTERNATIONAL, INC.
AND ITS SUBSIDIARY

Consolidated Financial Statements

December 31, 2017 and 2016

With Independent Auditor's Report

JH & Associates
Certified Public Accountants & Consultants
Audit | Tax | Consulting
3700 CRESTWOOD PKWY, STE 1000, DULUTH, GA 30096
Tel 678 . 209 . 0671 Fax 678 . 209 . 0676

AMERICAN DELI INTERNATIONAL, INC.
Consolidated Financial Statements
December 31, 2017 and 2016

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JH & Associates
Certified Public Accountants & Consultants
Audit | Tax | Consulting
3700 CRESTWOOD PKWY, STE 1000, DULUTH, GA 30096
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Independent Auditor's Report

To the Board of Directors of
American Deli International, Inc.
2716 Northeast Expressway
Atlanta, GA 30345

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Deli International, Inc. and its subsidiary (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JH & Associates, L.P.
Duluth, Georgia
March 24, 2018

JH & Associates
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AMERICAN DELI INTERNATIONAL, INC.
Consolidated Balance Sheets
December 31, 2017 and 2016

Assets

	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,244,483	$ 1,921,318
Accrued receivable	164,500	121,452
Income tax receivable	241,918	
Other current receivable	162,243	17,500
Total current assets	1,813,144	2,060,270
PROPERTY, PLANT AND EQUIPMENT, NET:	876,126	266,074
OTHER ASSETS:		
Due from affiliate	30,070	-
Investment asset	252,761	85,000
Loan receivable	892,456	135,945
Note receivable	-	63,822
Security deposit	27,000	-
Total other assets	1,202,287	284,767
Total assets	$ 3,891,557	$ 2,611,111

(Continued)

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Consolidated Balance Sheets
December 31, 2017 and 2016

Liabilities and Stockholder's Equity

	2017	2016
CURRENT LIABILITIES:		
Accounts payable	$ 15,456	$ 2,000
Accrued legal fees	8,173	18,226
Credit card payable	5,055	36,089
Income tax payable	-	52,301
Interest payable	3,688	-
Payroll liabilities	38,454	23,530
Sales tax liabilities	10,147	-
Loan closing fee	11,880	-
Total current liabilities	92,853	132,146
NON-CURRENT LIABILITIES:		
Borrowing under line of credit	700,000	-
Auto loan payable	50,165	-
Deferred tax liabilities	132,456	31,671
Total non-current liabilities	882,621	31,671
Total liabilities	975,474	163,817
STOCKHOLDER'S EQUITY		
Common stock, $1,000 par value	1,000	1,000
Retained earnings	2,446,294	1,738,700
Net income	468,789	707,594
Total shareholder's equity	2,916,083	2,447,294
Total liabilities and stockholder's equity	$ 3,891,557	$ 2,611,111

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Consolidated Statements of Income
For the years ended December 31, 2017 and 2016

	2017	2016
Revenue:		
Commission income	$ 11,368	$ -
Royalties and franchise fee	2,111,656	1,738,139
Rebate	82,390	301,062
Sales	588,592	-
Marketing fund	499,732	103,784
Other income	14,163	3
	3,307,901	2,142,988
Cost of goods sold:	294,065	-
Gross profit:	3,013,836	2,184,488
Selling, general, and administrative expenses	2,398,804	1,250,499
Income from operations	615,032	933,989
Other income (expense):		
Other income	5,167	28,489
Other expense	(31,630)	-
Net other income	(26,463)	28,489
Income before income taxes	588,569	962,478
Provision for income taxes	119,780	254,884
Net income	$ 468,789	$ 707,594

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Statements of Changes in Stockholder's Equity
For the years ended December 31, 2017 and 2016

	Common Stock			
	Shares	Amount	Retained Earnings	Total Stockholder's Equity
Balance, January 1, 2017	1	$ 1,000	$ 2,446,294	$ 2,447,294
Net income	-	-	468,789	468,789
Balance, December 31, 2017	1	1,000	2,915,083	2,916,083

See the independent auditors' report and the accompanying notes to the consolidated financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net income	$ 468,789	$ 707,594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	91,767	27,404
Changes in operating assets and liabilities:		
Accounts payable	13,456	2,000
Accrued liabilities	(10,054)	18,266
Accrued receivable	(43,047)	7,230
Income tax receivable	(241,918)	
Allowance for bad debt	-	(6,401)
Credit card payable	(31,034)	-
Deferred tax liabilities	100,785	(189,916)
Income tax payable	(52,301)	(61,644)
Initial fee receivable	8,700	(9,500)
Intereset payable	3,688	-
Loan closing fee	11,880	-
Other receivable	(82,209)	-
Payroll liabilities	14,924	14,945
Prepaid expense	-	1,000
Sales tax liabilities	10,147	-
Security deposit	(27,000)	-
Other current liabilities	-	(29,933)
Net cash used by operating activities	236,573	481,045
Cash flows from investing activities:		
Purchase of property and equipment	(671,819)	(15,530)
Automobile	(30,000)	-
Auto loan payable	50,165	-
Investment	(144,973)	-
Loan receivable	(880,603)	-
Note receivable	63,822	-
Net cash used in investing activities	(1,613,408)	(15,530)
Cash flows from financing activities:		
Note receivable		79,484
Borrowing under line of credit	700,000	(112,034)
Net cash provided in financing activities	700,000	(32,550)
Net increase (decrease) in cash and cash equivalents	(676,835)	432,965
Cash and cash equivalents at beginning of the year	1,921,318	1,488,353
Cash and cash equivalents at end of the year	$ 1,244,483	$ 1,921,318

Cash paid during the years for:

	2017	2016
Interest	$ 31,109	$ 3,957
Income taxes	$ 313,214	$ 505,694

(*) There was no significant non-cash investing and financing activities.
See the independent auditors' report and the accompanying notes to the consolidated financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Notes to Financial Statements
For the years ended December 31, 2017 and 2016

Note 1. Nature of Business

Nature of Business

American Deli International, Inc. (the "Company") was incorporated as a Delaware corporation on December 17, 2008. The company is primarily engaged in the business of franchising its fast food restaurants whose menu include various sandwiches, chicken wings, salads, and other fast food items. Its main source of revenues is derived from collecting royalty fees from its franchise stores located in Georgia, Alabama, Mississippi, North Carolina, South Carolina, Texas, Florida, Louisiana, and California.

The Company sets up new restaurants and sell them to new franchisees. In addition, the Company receives franchisee fees when there is a change of ownership in its franchisee stores.

American Deli, Inc. is an affiliate which provides food condiments for the Company's franchisees and American Deli Plus, Inc. which helps license those companies who use the American Deli's logo.

Golden Pot, LLC is a wholly-owned subsidiary. The initial investment was made on January 1, 2017. The LLC operates restaurants in Alabama, Georgia, and Tennessee.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Cash and Cash Equivalents

The Company considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents. The Company may maintain deposits at financial institutions, in which the deposits could exceed the federally insured limits. The FDIC's standard deposit insurance limit is $250,000 per depositor, per insured bank, for each account ownership category. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company maintains its cash accounts with high quality financial institutions, which, at times, may exceed federally insured coverage. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash.

Accrued Receivable

Accrued receivables are accrued royalties and franchise fees at year-end from the franchisees that are contractually obligated. All accrued receivables were collected within a reasonable period during 2017 and 2016. Accordingly, the management has determined that the outstanding balance of accrued receivable is fully collectible.

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AMERICAN DELI INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Loan Receivable

The Company provided short-term financial supports to its franchisees that have financial difficulties with no interests. The Company records these supports as loan receivable. The amounts are expected to be collected within a reasonable time.

The majority of lease contacts of franchisee are made in the name of the Company. Therefore, if a franchisee falls into a delinquent situation, the Company assumes the liability of actual lease payments as loan receivable to the franchisee and writes off the amount by recording bad debt expense.

Revenue Recognition

The Company recognizes the revenue when the persuasive evidence of an arrangement exists. This includes when delivery has occurred or services have been rendered, and when the period covered by royalty fees has been met. Royalty fees are collected from the 25th to the 30th of each month under the franchise agreements. Included in the royalty fees are the franchise and marketing fees. These fees are calculated at 3% and 1%, respectively, of the previous month's gross sales. The franchisees are required to submit their sales figures from the previous month.

Depreciation

Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed as incurred. Any additions and improvements that significantly extend the lives of assets or materially increase the value of assets are capitalized. Upon sale or retirement of the depreciable asset, the cost and accumulated depreciation are removed from the related accounts, and any gain or loss is reflected in the financial statements. Depreciation expense amounted to $91,767 and $27,404 for the years ended December 31, 2017 and 2016.

Depreciation of property, plant, and equipment is calculated using the straight-line method based on the estimated useful lives. The type and useful lives of property, plant, and equipment are as follows:

Computer Equipment	5 years
Furniture and Fixtures	7 years
Machinery and Equipment	5 years
Leasehold Improvement	15 years

Long-Lived Assets

The Company periodically evaluates whether events and circumstances have occurred that indicate the remaining balance of long-lived assets to be held and used in the operations of the Company may be impaired and not be recoverable. In performing this evaluation, the Company uses an estimate of the related cash flows expected to result from the use of the assets and its eventual disposition. When this evaluation indicates that the asset has been impaired, the Company will measure such impairment based on the asset's fair value, and the amount of such impairment is charged to operations.

AMERICAN DELI INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Advertising Cost

Advertising costs are expensed as incurred. The amounts are $446,731 and $301,314 for the year ended December 31, 2017 and 2016, respectively.

Income Taxes

The Company provides for income taxes and the related accounts under the asset and liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect during the year in which the basis differences reverse. Valuation allowances are established when management determines it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Lease (Topic 842)*: This pronouncement requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. This pronouncement also requires certain quantitative disclosures. Accounting guidance for lessors is largely unchanged. For nonpublic entities, this pronouncement is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of this pronouncement is permitted for all entities. And this pronouncement should be applied on a modified retrospective basis. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-05, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20),* Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets: This pronouncement is to clarify that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset. The pronouncement defines the term in substance nonfinancial asset, in part, as a financial asset promised to a counterparty in a contract if substantially all of the fair value of the assets (recognized and unrecognized) that are promised to the counterparty in the contract is concentrated in nonfinancial assets. The pronouncement also clarifies that nonfinancial assets may include nonfinancial assets transferred within a legal entity to a counterparty. The pronouncement requires an entity to evaluate the underlying assets in consolidated subsidiaries to determine whether those assets are. For nonpublic entities, the pronouncement is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. An entity may elect to apply the pronouncement either retrospectively to each period presented in the financial statements or retrospectively with a cumulative-effect adjustment to retained

AMERICAN DELI INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

earnings as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation—Retirement Benefits (Topic 715),* Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost: This pronouncement requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The pronouncement also allows only the service cost component to be eligible for capitalization when applicable. The pronouncement applies to all employers, including not-for-profit entities, that offer to their employees defined benefit pension plans, other postretirement benefit plans, or other types of benefits. For nonpublic entities, the pronouncement is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The pronouncement should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial statements.

Note 2. Note Receivable

At December 31, 2017 and 2016, the notes receivable comprised of the following:

	2017	2016
Huntsville	$ -	$ 16,375
Locust Grove	-	25,212
Newnan	-	22,235
Lawrenceville	-	-
Total note receivable	$ -	$ 63,822

The Company made initial investments to set up the above stores and sold them to the new franchisees for down-payments and future receivables. Any franchisee that requires financing from the company is evaluated by the management prior to receiving the Company's financing assistance. The Company records the interest portion of payments as interest income. As of December 13, 2017, all of the notes receivable are fully paid.

Note 4. Lease

The Company moved its head office from Duluth to Chamblee at the beginning of year 2015. The lease contract of new office is month-to-month basis, and under the terms of the agreement, the Company is obligated to pay a monthly rent of $10,000 and other costs, including utilities.

AMERICAN DELI INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Note 5. Property, Plant, and Equipment

Property, plant, and equipment as of December 31, 2017 and 2016, consists of the following major classifications:

	2017	2016
Automobile	$ 30,000	$ -
Computer equipment	26,988	19,756
Furniture and fixtures	120,747	13,474
Leasehold imporvement	590,577	252,673
Machinery and equipment	280,343	60,934
Less: Accumulated depreciation	(172,529)	(80,763)
Total property and equipment, net	$ 876,126	$ 266,074

Note 6. Borrowing under Line of Credit

The Company as a credit line agreement with First Intercontinental Bank with the maximum draw of $800,000. The outstanding balance is $700,000 as of December 31, 2017. The credit line matures in February 16, 2019. Interest is payable monthly. This line bears the original interest at 5.25% and is reset periodically (6% as of December 31, 2017).

Note 7. Income Taxes

The income tax provision for 2017 and 2016 is comprised of the following:

	2017	2016
Current expense (benefit)	$ 18,995	$ 444,800
Deferred expense (benefit)	100,785	(189,916)
Total expense (benefit)	$ 119,780	$ 254,884

The provision for income taxes differs from that computed by applying federal statutory rates to income before income taxes. The primary difference results from providing for state income taxes, deducting certain expenses for financial statement purposes but not for income tax purposes.

The Tax Cuts and Jobs Act enacted on December 22, 2017 reduces the U.S. federal corporate tax rate from 35% to 21%. At December 21, 2017, we have not completed our accounting for the tax effects of enactment of the tax reform. As such, we have not been able to make a reasonable estimate and continue to account for those items based on our existing accounting under the FASB Accounting Standards Codification ("ASC") 740, *Income Taxes,* and the provisions of the tax laws that were in effect immediately prior to enactment.

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AMERICAN DELI INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

However, we have made a reasonable estimate of the effects on our existing deferred tax balances and remeasured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. Please note that we are still analyzing certain aspects of the tax reform and reviewing our calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts.

Temporary differences which give rise to deferred liability at December 31, 2017 and 2016 are as follows:

	2017	2016
Depreciation	(132,456)	(31,671)
Deferred tax liabilities, net	$ (132,456)	$ (31,671)

Note 8. Other Income

For the years ended December 31, 2017 and 2016, other income comprised of the following:

	2017	2016
Interest income	$ 1,119	$ 3,957
Legal settlement	-	16,000
Other income	4,048	8,532
	$ 5,167	$ 28,489

Note 9. Related Parties Transactions and Balances

One of the Company's affiliates is American Deli Plus, Inc., which is the sole owner of all rights, titles, and interests in and to the AMERICAN DELI TRADEMARK, the AMERICAN DELI PLUS TRADEMARK, the AMERICAN DELI AND DESIGN TRADEMARK, and AMERICAN DELI SINCE 1989 AND DESIGN TRADEMARK.

The Company and American Deli Plus, Inc. made a nonexclusive license agreement during 2011. Based on the agreement, the Company can use the licensed trademarks without paying any kind of compensations to the American Deli Plus, Inc.

The rent paid to its affiliate, American Deli, Inc, for the years ended December 31, 2017 and 2016 is as follow:

	2017	2016
Rent expense	$ 157,792	$ 80,000

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AMERICAN DELI INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Note 10. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 24, 2018, the date at which the financial statements were available to be issued and has determined that there are no other items to disclose.

* * * * * * *

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AMERICAN DELI INTERNATIONAL, INC.

Financial Statements

December 31, 2016 and 2015

With Independent Auditor's Report

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AMERICAN DELI INTERNATIONAL, INC.
Financial Statements
December 31, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors of
American Deli International, Inc.
2716 Northeast Expressway
Atlanta, GA 30345

Report on the Financial Statements

We have audited the accompanying financial statements of American Deli International, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2016, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

We did not audit the financial statements of the Company for the year 2015. Those statements were audited by other auditors whose report has been furnished to us.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JH & Associates, L.P.
Duluth, Georgia
March 16, 2017

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AMERICAN DELI INTERNATIONAL, INC.
Balance Sheets
December 31, 2016 and 2015

Assets

	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,921,318	$ 1,488,353
Accrued receivable	121,452	128,682
Other current receivable	17,500	8,000
Prepaid expense	-	1,000
Total current assets	2,060,270	1,626,035
PROPERTY, PLANT AND EQUIPMENT:		
Computer equipment	19,756	5,684
Furniture and fixtures	13,474	13,474
Leasehold improvement	252,673	252,673
Machinery and equipment	60,934	59,476
Less: accumulated depreciation	(80,763)	(53,359)
Net property, plant, and equipment	266,074	277,948
OTHER ASSETS:		
Investment asset	85,000	85,000
Loan receivable	135,945	17,511
Note receivable	63,822	143,306
Deferred tax asset	-	10,801
Security deposit	-	584
Total other assets	284,767	257,202
Total assets	$ 2,611,111	$ 2,161,185

(Continued)

See the independent auditors' report and the accompanying notes to the financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Balance Sheets
December 31, 2016 and 2015

Liabilities and Stockholder's Equity

	2016	2015
CURRENT LIABILITIES:		
Accounts payable	$ 2,000	$ 64,166
Accrued legal fees	18,226	2,400
Credit card payable	36,089	-
Income tax payable	52,301	113,945
Payroll liabilities	23,530	8,586
Total current liabilities	132,146	189,097
NON-CURRENT LIABILITIES:		
Deferred tax liabilities	31,671	232,388
Total non-current liabilities	31,671	232,388
Total liabilities	163,817	421,485
STOCKHOLDER'S EQUITY		
Common stock, $1,000 par value	1,000	1,000
Retained earnings	1,738,700	1,353,700
Net income	707,594	385,000
Total shareholder's equity	2,447,294	1,739,700
Total liabilities and stockholder's equity	$ 2,611,111	$ 2,161,185

See the independent auditors' report and the accompanying notes to the financial statements.

JH & Associates
Certified Public Accountants & Consultants
Audit | Tax | Consulting
3700 CRESTWOOD PKWY, STE 1000, DULUTH, GA 30096
Tel 678 . 209 . 0671 Fax 678 . 209 . 0676

AMERICAN DELI INTERNATIONAL, INC.
Statements of Income
For the years ended December 31, 2016 and 2015

	2016	2015
Revenue:		
Royalties and franchise fee	$ 1,738,139	$ 1,473,061
Rebate	301,062	-
Others	145,287	9,557
	2,184,488	1,482,618
Selling, general, and administrative expenses	1,250,499	1,083,286
Income from operations	933,989	399,332
Other income (expense):		
Other income	28,489	348,190
Other expense	-	-
Net other income	28,489	348,190
Income before income taxes	962,478	747,522
Provision for income taxes	254,884	362,522
Net income	$ 707,594	$ 385,000

See the independent auditors' report and the accompanying notes to the financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Statements of Changes in Stockholder's Equity
For the years ended December 31, 2016 and 2015

	Common Stock			
	Shares	Amount	Retained Earnings	Total Stockholder's Equity
Balance, December 31, 2015	1	$ 1,000	$ 1,738,700	$ 1,739,700
Net income	-	-	707,594	707,594
Balance, December 31, 2016	1	1,000	2,446,294	2,447,294

See the independent auditors' report and the accompanying notes to the financial statements.

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AMERICAN DELI INTERNATIONAL, INC.
Statements of Cash Flows
For the years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income	$ 707,594	$ 385,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	27,404	23,593
Changes in operating assets and liabilities:		
Accounts payable	2,000	-
Accrued receivable	7,230	51,387
Accrued liabilities	18,266	(22,401)
Allowance for bad debt	(6,401)	-
Deferred tax liabilities	(189,916)	78,487
Deferred tax asset	-	665
Initial fee receivable	(9,500)	1,334
Income tax payable	(61,644)	31,931
Payroll liabilities	14,945	-
Security deposit	-	1,126
Prepaid expense	1,000	-
Other current liabilities	(29,933)	-
Net cash used by operating activities	481,045	551,122
Cash flows from investing activities:		
Purchase of property and equipment	(15,530)	(33,054)
Net cash used in investing activities	(15,530)	(33,054)
Cash flows from financing activities:		
Note receivable	79,484	94,492
Loan receivable	(112,034)	6,500
Net cash provided in financing activities	(32,550)	100,992
Net increase (decrease) in cash and cash equivalents	432,965	619,060
Cash and cash equivalents at beginning of the year	1,488,353	869,293
Cash and cash equivalents at end of the year	$ 1,921,318	$ 1,488,353

Cash paid during the years for:

	2016	2015
Interest	$ 3,957	$ 6,825
Income taxes	$ 505,694	$ 362,522

(*) There was no significant non-cash investing and financing

See the independent auditors' report and the accompanying notes to the financial statements.

AMERICAN DELI INTERNATIONAL, INC.
Notes to Financial Statements
For the years ended December 31, 2016 and 2015

Note 1. Nature of Business

Nature of Business

American Deli International, Inc. (the "Company") was incorporated as a Delaware corporation on December 17, 2008. The company is primarily engaged in the business of franchising its fast food restaurants whose menu include various sandwiches, chicken wings, salads, and other fast food items. The Company had 127 franchise locations with signed franchise contracts at December 31, 2016.

The Company derives its main source of revenues from collecting royalty fees from its franchise stores located in Georgia, Alabama, Mississippi, North Carolina, South Carolina, Texas, Florida.

The Company sets up new restaurants and sell them to new franchisees. In addition, the Company receives franchisee fees when there is a change of ownership in its franchisee stores.

The Company's affiliates are American Deli, Inc. which provides food condiments for the Company's franchisees and American Deli Plus, Inc. which helps license those companies who use the American Deli's logo.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Cash and Cash Equivalents

The Company considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents. The Company may maintain deposits at financial institutions, in which the deposits could exceed the federally insured limits. The FDIC's standard deposit insurance limit is $250,000 per depositor, per insured bank, for each account ownership category. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company maintains its cash accounts with high quality financial institutions, which, at times, may exceed federally insured coverage. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash.

Accrued Receivable

Accrued receivables are accrued royalties and franchise fees at year-end from the franchisees that are contractually obligated. All accrued receivables were collected within a reasonable period during 2016 and 2015. Accordingly, the management has determined that the outstanding balance of accrued receivable is fully collectible.

Loan Receivable

The Company provided short-term financial supports to its franchisees that have financial difficulties with no interests. The Company records these supports as loan receivable. The amounts are expected to be collected within a reasonable time.

The majority of lease contacts of franchisee are made in the name of the Company. Therefore, if a franchisee falls into a delinquent situation, the Company assumes the liability of actual lease payments as loan receivable to the franchisee and writes off the amount by recording bad debt expense.

Revenue Recognition

The Company recognizes the revenue when the persuasive evidence of an arrangement exists. This includes when delivery has occurred or services have been rendered, and when the period covered by royalty fees has been met. Royalty fees are collected from the 25th to the 30th of each month under the franchise agreements. Included in the royalty fees are the franchise and marketing fees. These fees are calculated at 3% and 1%, respectively, or the previous month's gross sales. The franchisees are required to submit their sales figures from the previous month.

Depreciation

Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed as incurred. Any additions and improvements that significantly extend the lives of assets or materially increase the value of assets are capitalized. Upon sale or retirement of the depreciable asset, the cost and accumulated depreciation are removed from the related accounts, and any gain or loss is reflected in the financial statements. Depreciation expense amounted to $27,404 for the years ended December 31, 2016 and 2015.

Depreciation of property, plant, and equipment is calculated using the straight-line method based on the estimated useful lives. The type and useful lives of property, plant, and equipment are as follows:

Computer Equipment	5 years
Furniture and Fixtures	7 years
Machinery and Equipment	5 years
Leasehold Improvement	15 years

Long-Lived Assets

The Company periodically evaluates whether events and circumstances have occurred that indicate the remaining balance of long-lived assets to be held and used in the operations of the Company may be impaired and not be recoverable. In performing this evaluation, the Company uses an estimate of the related cash flows expected to result from the use of the assets and its eventual disposition. When this evaluation indicates that the asset has been impaired, the Company will measure such impairment based on the asset's fair value, and the amount of such impairment is charged to operations.

Income Taxes

The Company accounts for income taxes under the asset and liability method whereby deferred tax asset and liability account balances are calculated at the balance sheet date using current tax laws and rates in effect for the years in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

In June 2006, the FASB issued the former FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (codified in the FASB Accounting Standards Codification ("ASC") 740-10). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with the former FASB Statement No. 109, Accounting for Income Taxes. Under the new interpretation, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Recently Issued Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-17, Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes: To simplify the presentation of deferred income taxes, this pronouncement requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. This pronouncement applies to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by this pronouncement. For nonpublic entities, this pronouncement is effective for financial statements issued for fiscal years beginning after December 15, 2017. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. This pronouncement may be applied either prospectively to all deferred

tax liabilities and assets or retrospectively to all periods presented. If an entity applies the guidance prospectively, the entity should disclose in the first interim and first annual period of change, the nature of and reason for the change in accounting principle and a statement that prior periods were not retrospectively adjusted. If an entity applies the guidance retrospectively, the entity should disclose in the first interim and first annual period of change the nature of and reason for the change in accounting principle and quantitative information about the effects of the accounting change on prior periods. The Company is currently assessing the impact that the adoption will have on the Company's financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments: This pronouncement provides guidance on eight specific cash flow issues with the objective of reducing the existing diversity in practice. For nonpublic entities, this pronouncement is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company is currently assessing the impact that the adoption will have on the Company's financial statements.

Note 2. Note Receivable

At December 31, 2016 and 2015, note receivable comprised of the following:

	2016	2015
Huntsville	$ 16,375	$ 35,492
Locust Grove	25,212	51,937
Newnan	22,235	47,727
Lawrenceville	-	8,150
Total note receivable	$ 63,822	$ 143,306

The Company made initial investments to set up the above stores and sold them to the new franchisees for down-payments and future receivables. Any franchisee that requires financing from the company is evaluated by the management prior to receiving the Company's financing assistance. The Company records the interest portion of payments as interest income.

Note 3. Advertising and Research and Development

Advertising and research and development costs are expensed as incurred. Advertising and research and development costs were $301,314 and $20,000, respectively, for the years ended December 31, 2016. Advertising costs were $403,173, respectively, for the years ended December 31, 2015.

(a) Note 4. Lease

The Company moved its head office from Duluth to Chamblee at the beginning of year 2015. The lease contract of new office is month-to-month basis, and under the terms of the agreement, the Company is obligated to pay a monthly rent, including utilities, of $6,000 until October, 2016 and $10,000 thereafter.

(b) Note 5. Property, Plant, and Equipment

Property, plant, and equipment as of December 31, 2016 and 2015, consists of the following major classifications:

	2016	2015
Automobile	$ -	$ 46,520
Computer equipment	19,756	-
Furniture and fixtures	13,474	26,430
Leasehold imporvement	252,673	252,673
Machinery and equipment	60,934	-
Office equipment	-	5,684
Less: Accumulated depreciation	(80,763)	(53,359)
Total property and equipment, net	$ 266,074	$ 277,948

Note 6. Income Taxes

The income tax provision for 2016 and 2015 is comprised of the following:

	2016	2015
Current expense (benefit)	$ 444,800	$ 283,370
Deferred expense (benefit)	(189,916)	(79,152)
Total expense (benefit)	$ 254,884	$ 204,218

Estimated taxable temporary differences and deductible temporary differences, which give rise to deferred tax assets and liabilities at December 31, 2016 and 2015, were as follows:

	2016	2015
Depreciation	(189,916)	(221,587)
Deferred tax liabilities, net	$ (189,916)	$ 232,388

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, the projected future taxable income and tax planning strategies in making this assessment. Based upon the level of projections for future taxable income over the period in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of some portion of deductible temporary differences.

(c) Note 7. Other Income

For the years ended December 31, 2016 and 2015, other income comprised of the following:

	2016	2015
Interest income	$ 3,957	$ 6,825
Legal settlement	16,000	20,000
Other income	8,532	8,532
Rebate income	-	321,365
	$ 28,489	$ 356,722

Note 8. Related Parties Transactions and Balances

One of the Company's affiliates is American Deli Plus, Inc., which is the sole owner of all rights, titles, and interests in and to the AMERICAN DELI TRADEMARK, the AMERICAN DELI PLUS TRADEMARK, the AMERICAN DELI AND DESIGN TRADEMARK, and AMERICAN DELI SINCE 1989 AND DESIGN TRADEMARK.

The Company and American Deli Plus, Inc. made a nonexclusive license agreement during 2011. Based on the agreement, the Company can use the licensed trademarks without paying any kind of compensations to the American Deli Plus, Inc.

The rent paid to its affiliate, American Deli, Inc, for the years ended December 31, 2016 and 2015 is as follow:

	2016	2015
Rent expense	$ 80,000	$ 67,400

Note 9. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 16, 2017 the date at which the financial statements were available to be issued, and has determined that there are no other items to disclose.

AMERICAN DELI INTERNATIONAL, INC.
Notes to Financial Statements
For the years ended December 31, 2016 and 2015

Note 10. Selling, General, and Administrative Expenses

	2016	2015
Advertising and promotion	$ 301,314	$ 403,173
Automobile	23,830	30,907
Background check	1,885	-
Bad debt expense	2,559	-
Bank service charges	510	244
Business gifts	3,493	-
Business license and permit	1,852	-
Computer and internet expenses	32,786	65,723
Consulting	16,483	-
Credit/background check expense	-	1,431
Delivery	-	628
Depreciation	27,404	23,593
Dues and subscription	-	2,089
Insurance	23,767	6,671
License and permit	-	130
Marketing	45,019	-
Meals and entertainment	24,460	7,009
Miscellaneous expense	-	5
Office expense	8,698	4,537
Outside service fee	-	6,010
Payroll expense	309,683	228,608
Payroll tax	-	104,238
Postage	1,261	1,220
Professional fees	127,302	102,192
Research and development	20,000	-
Rent	125,678	67,400
Repairs and maintenance	1,430	190
Sales tax expense	-	210
Security expense	3,670	3,362
Supplies	119,534	272
Taxes	24,302	18,617
Telephone	1,808	4,827
Travel	1,771	-
Total	$ 1,250,499	$ 1,083,286

EXHIBIT B
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE AGREEMENT

Franchisee: ______________________________

Controlling Principal(s): ______________________________
____

Date: ________________________, 20___

Notice Address: ______________________________
____
Fax:__________________________
Email:________________________

Initial Franchise Fee: $____________________________

Location: ______________________________

Assigned Area: ______________________________

Site Selection Area: ______________________________

Opening Date: ______________________________

Statement of Ownership Interests:

Name	**Percentage of Ownership/Nature of Interest**
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

Franchisee's Principal(s) (other than Controlling Principals): ______________________________
____

Franchise Type:	☒ **New**	☐ **Renewal**	☐ **Transfer**

TABLE OF CONTENTS

AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is dated as of the date set forth on the cover page of this Agreement (the “Effective Date”) by and between American Deli International, Inc., a Delaware corporation (“Franchisor”), and the person(s) or entity set forth as the Franchisee on the cover page of this Agreement (“Franchisee”).

WITNESSETH:

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (“System”) relating to the establishment and operation of quick service restaurants (“Restaurants”) that feature chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, beverage items and promotional items;

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “American Deli” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter referred to as “Marks”);

Franchisor continues to develop, use and control the use of such Marks to identify for the public the source of services and products marketed hereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications; and

Franchisee desires to use the System in connection with the operation of a Restaurant at the location specified on the cover page of this Agreement, as well as to receive the training and other assistance provided by Franchisor in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE I GRANT

1.1 Grant. Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate a Restaurant under the Marks and the System in accordance with this Agreement (the "franchised business"). Franchisee and the Controlling Principals (as defined in Section 18.21) have represented to Franchisor that they have entered this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. Franchisee and the Controlling Principals understand and acknowledge that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by Franchisee and the Controlling Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public and in accordance with Section 2.6.

1.2 Location. The specific street address of the Restaurant location consented to by Franchisor shall be set forth on the cover page of this Agreement (the "Location"). If the Location has not been identified at the time this Agreement is executed, Franchisee must identify a site approved by Franchisor within the "Site Selection Area" set forth on the cover page to this Agreement. The Site Selection Area shall not be exclusive to Franchisee for any purpose. Franchisee shall not relocate the Restaurant without the prior written consent of Franchisor. This Agreement does not grant to Franchisee the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any other location. If Franchisee is unable to continue the operation of the Restaurant at the Location because of the occurrence of a force majeure event (as described in Section 16.2(e), then Franchisee may request the consent of Franchisor to relocate the Restaurant to another location in the Assigned Area. If Franchisor consents to Franchisee's request to relocate the Restaurant, then Franchisee shall comply with the site selection and construction procedures set forth in Article II.

1.3 Assigned Area. After determination of the Location for the Restaurant, Franchisee will be assigned a primary area of operation ("Assigned Area") that will also be set forth on the cover page of this Agreement. Franchisee shall make all commercially reasonable efforts to advertise and promote the franchised business in the Assigned Area in accordance with Article VIII. Except as provided in this Agreement, and subject to Franchisee's and the Controlling Principals' full compliance with this Agreement, any other agreement among Franchisee or any of its affiliates (defined as any entity that is controlled by, controlling or under common control with such other entity) and Franchisor or any of its affiliates, neither Franchisor nor any affiliate shall establish or authorize any other person or entity, other than Franchisee, to establish a Restaurant in the Assigned Area during the term of this Agreement. Franchisee acknowledges and understands that the rights granted hereunder pertain only to the establishment of a Restaurant. Notwithstanding the above, Franchisor, any franchisee and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, and fill customer orders by providing catering and delivery services in the Assigned Area. Franchisee acknowledges and agrees that Franchisor operates Restaurants under the Marks, and further agrees and acknowledges that the license granted hereby is only for the operation of one Restaurant. Accordingly, in the

Assigned Area, Franchisor and its affiliates may also offer and sell (and may authorize others to offer and sell): (i) collateral products under the Marks, at or from any location, such as pre-packaged food products and Restaurant memorabilia; (ii) food and beverage services under the Marks at or through any other distribution system or food service facility (other than a traditional Restaurant) such as big box stores (for example, Walmart), gas stations, convenience stores, food courts, airports, transportation stations, travel plazas, casinos, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations; and, (iii) any products or food and beverage services under any other names and marks.

1.4 Variations. Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any given circumstance, to vary standards for any System franchisee based upon the peculiarities of the particular site or circumstance, business potential, trade area, existing business practices or any other condition that Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation hereunder.

1.5 Non-traditional Restaurants. Non-traditional Restaurants are American Deli outlets operated in other distribution system or food service facility (other than a traditional Restaurant). They include big box stores (for example, Walmart), malls, gas stations, convenience stores, food courts, airports, transportation stations, travel plazas, casinos, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations. If Franchisee operates a Non-traditional Restaurant, then the Assigned Area shall be limited to the venue served. By way of example, if Franchisee operates a Restaurant within Walmart, then the Assigned Area shall be the area within the Walmart store; and, a Walmart within an Assigned Area may be franchised even if the Walmart is located within another Franchisee's Assigned Area. Except where indicated, all provisions of this Franchise Agreement shall apply to Non-traditional Restaurants.

ARTICLE II SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Franchisee's Responsibility. Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Restaurant unless the site is accepted as set forth below. While Franchisor may render assistance to Franchisee in the selection of a site, Franchisee has sole responsibility for locating, selecting, procuring and developing a site for the Restaurant and Franchisee may and is encouraged to consult with real estate and other professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's consent to a prospective site is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Restaurant operated at that site will be profitable or otherwise successful, and cannot create a liability for Franchisor. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Restaurant.

2.2 Site Selection.

(a) Consent to Site. Prior to acquiring by lease or purchase a site for the Restaurant, Franchisee shall locate a site for the Restaurant that satisfies the site selection guidelines provided to Franchisee by Franchisor pursuant to Section 5.1 and shall submit to Franchisor in the form specified by Franchisor a description of the site, including evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, together with such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee shall submit such information and materials for the proposed site to Franchisor for its consent no later than one hundred eighty (180) days after the execution of this Agreement. Franchisor shall have thirty (30) days after receipt of this information and materials to consent, in its sole discretion, to the proposed site as the location for the Restaurant. No site may be used for the location of the Restaurant unless it is consented to in writing by Franchisor.

(b) Acquisition of Site. If Franchisee purchases the premises for the Restaurant, Franchisee shall submit a copy of the proposed contract of sale to Franchisor for its written consent prior to its execution and furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution. If Franchisee occupies the premises of the Restaurant under a lease, Franchisee must incorporate the lease addendum terms required by Franchisor (as set forth in Attachment D to this Agreement) into such lease and shall submit a copy of the lease to Franchisor for written consent prior to its execution and furnish to Franchisor a copy of the executed lease within ten (10) days after execution. No lease for the Restaurant premises shall be consented to by Franchisor unless a collateral assignment of lease, in substantially the form attached as Attachment B, is executed by Franchisee and delivered to Franchisor. Franchisor shall have fifteen (15) days after receipt of the lease or the proposed contract of sale to consent to such documentation prior to its execution. Within forty-five (45) days after Franchisor has consented to the site for the Restaurant (or such longer period as Franchisor consents to in writing), Franchisee shall acquire such site by purchase or lease. Failure by Franchisee to acquire the site for the Restaurant within the time and in the manner required herein shall constitute a material event of default under this Agreement.

(c) Description of Site. After a location for the Restaurant is consented to by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be forth on the cover page of this Agreement.

2.3 Zoning and Permits. Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Restaurant premises. Prior to beginning the construction of the Restaurant, Franchisee shall (a) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the

Restaurant, and (b) certify in writing to Franchisor that the insurance coverage specified in Article XII is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon request, Franchisee shall provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.4 Plans and Specifications. Franchisee must obtain any architectural, engineering and design services it deems necessary for the construction of the Restaurant at its own expense from an architectural design firm designated by Franchisor in the Operations Manual or otherwise. Franchisee shall adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to Franchisee by Franchisor in accordance with Section 5.1(c) as necessary for the construction of the Restaurant and shall submit such adapted plans to Franchisor or its designated representative for review. If Franchisor or its representative determines, in its sole discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans, and in this event will notify Franchisee of any objection(s) within thirty (30) days of receiving such plans. If Franchisor or its representative fails to notify Franchisee of an objection to the plans within this time period, Franchisee may use such plans. If Franchisor or its representative objects to any such plans, Franchisor or its representative shall provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. Within twenty (20) days of receiving such objections, Franchisee shall incorporate the requested changes into such plans and resubmit them to Franchisor or its representative for review. Franchisor or its representative shall notify Franchisee within fifteen (15) days of receiving the resubmitted plans whether the plans are acceptable. If Franchisor or its representative fails to notify Franchisee of any objection within such time period, Franchisee may use the resubmitted plans. Franchisee acknowledges that Franchisor's or its representative's review of such plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative that such plans are accurate or free of error concerning their design or structural application.

2.5 Construction. Franchisee must use an approved contractor for the construction of the Restaurant as set forth in the Operations Manual or otherwise. Franchisee's construction of the Restaurant is its own expense. Franchisee must pay a construction visit fee of $500 per visit by Franchisor, or by Franchisor's representative, plus all costs of travel, wages, lodging and expenses.

(a) Commencement. Franchisee shall not commence construction or remodeling of the Restaurant until Franchisor has consented to the use of plans in accordance with Section 2.4. Upon Franchisor's consent to the use of the plans, Franchisee, through Franchisor's approved contractor, shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant. Commencement of construction shall be defined as the time at which any site work is initiated by or on behalf of Franchisee at the location accepted for the Restaurant.

Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises.

(b) Reports and Inspections. During the time of construction or remodeling, Franchisee shall provide Franchisor or its designated representative with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative shall make such on-site inspections as it may deem reasonably necessary to evaluate such progress. Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Restaurant.

(c) Authorization to Open. Franchisee acknowledges and agrees that it will not open the Restaurant for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

2.6 Opening. Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Restaurant and commence business within ninety (90) days after Franchisee has obtained possession of the Location, unless Franchisee obtains an extension of such time period from Franchisor in writing. The date the Restaurant opens for business to the public as provided herein ("Opening Date") shall be set forth on the cover page of this Agreement. Prior to opening, Franchisee shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, in accordance with the plans and specifications consented to by Franchisor, and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Article VI, to Franchisor's satisfaction. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Restaurant and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

ARTICLE III TERM AND RENEWAL

3.1 Initial Term. Unless sooner terminated as provided in Article XVI, the term of this Agreement shall begin on the Effective Date and shall expire on the earlier of (a) ten (10) years from the Opening Date or (b) the expiration or termination of Franchisee's right to possess the Restaurant premises.

3.2 Renewal. Franchisee may, at its option, renew the rights under this Agreement for additional two consecutive terms of five (5) years each, subject to any or all of the following conditions that must, in Franchisor's discretion, be met prior to and at the time of renewal:

(a) Notice. Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than three (3) months nor more than six (6) months prior to the end of the initial term or first renewal term, as applicable;

(b) Improvements. Franchisee shall refurbish, repair or replace, at Franchisee's cost and expense, all equipment, point of sale systems, computer systems, signs, interior and exterior decor items, fixtures, furnishings, menu boards, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Restaurant as Franchisor may reasonably require and shall otherwise upgrade the Restaurant to reflect the then-current standards and image of the System;

(c) No Defaults. Franchisee shall not be in default of any provision of this Agreement, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates; and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

(d) Monetary Obligations. Franchisee shall have timely satisfied all monetary obligations owed to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates;

(e) Possession of Premises. Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Restaurant premises or obtain Franchisor's consent to a new site for the operation of the Restaurant for the duration of the renewal term of this Agreement;

(f) Renewal Franchise Agreement. Franchisee and/or Controlling Principals, as applicable, shall execute Franchisor's then-current form of renewal franchise agreement, including attachments, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, advertising contribution or expenditure requirement; provided, however, that Franchisee shall pay to Franchisor, in lieu of an initial franchise fee, a renewal fee representing fifty percent (50%) of Franchisor's then-current initial franchise fee;

(g) Release. Franchisee and the Controlling Principals shall execute a general release of any and all claims against Franchisor and its affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders; and

(h) Qualification and Training. Franchisee shall comply with Franchisor's then-current qualification and training requirements.

ARTICLE IV FEES

4.1 Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee in the amount of ten thousand dollars ($10,000) upon execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party. The initial franchise fee for current franchisees who wish to open additional locations is seven thousand five hundred dollars ($7,500), if the current franchisee is in good standing under their current franchise agreement(s), and if the current franchisee has substantially complied to the American Deli Standards of Operations all current and past American Deli restaurant operations.

4.2 Royalty.

(a) Royalty Fee. Franchisee shall pay to Franchisor, in partial consideration for the rights herein granted, a continuing royalty fee of three percent (3%) of Gross Sales for a Restaurant. Such royalty fee shall be due and payable on the 25th of each month (or next business day if the 25th of the month is not a business day) based on the Gross Sales for the preceding month so that it is received by Franchisor by electronic fund transfer ("EFT). A business day for the purpose of this Agreement means any day other than Saturday, Sunday or a national holiday. Each calendar month is referred to herein as an "Accounting Period."

(b) Royalty Report. Each such royalty fee payment shall be preceded by a royalty report itemizing the Gross Sales for the preceding Accounting Period ("Royalty Report") and any other reports required hereunder. Franchisees operating a Traditional Restaurant shall provide Franchisor with such Royalty Report by the 20th of each month (or next business day if the 20th of the month is not a business day) by email or by facsimile transmission or such other method of delivery as Franchisor may reasonably direct. Franchisees operating a Non-traditional Restaurant shall provide Franchisor with such Royalty Report by the 7th and 20th of each month (or next business day if the 7th or 25th of the month is not a business day) by email or by facsimile transmission or such other method of delivery as Franchisor may reasonably direct.

(c) Electronic Funds Transfer. Franchisee agrees that Franchisor shall have the right to withdraw funds from Franchisee's designated bank account each Accounting Period by EFT in the amount of the royalty fee described above. Such withdrawals shall be drawn on the designated day (as set forth in subparagraph b above) for the amount of the royalty due with respect to Franchisee's Gross Sales for the preceding Accounting Period, as evidenced by the Royalty Report. If the Royalty Report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the royalty for the subject Accounting Period based on (i) information regarding Franchisee's Gross Sales for the preceding Accounting Period obtained by Franchisor in the manner contemplated by Section 7.6, or (ii) the most recent Royalty Report provided to Franchisor by Franchisee; provided that if a Royalty Report for the subject Accounting Period is subsequently received and reflects (A) that the actual amount of the royalty due was more than the amount of the EFT by Franchisor, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (B) that the actual amount of the royalty due was less than the amount of the EFT by Franchisor, then Franchisor shall, at its option, return the excess amount to Franchisee or credit the excess amount to the payment of Franchisee's future royalty obligations. Upon execution of this Agreement and at any time thereafter at Franchisor's request, Franchisee shall execute such documents or forms as Franchisor deems necessary for Franchisor to process EFTs from Franchisee's designated bank account for the payments due hereunder. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee shall be responsible for that payment plus a service charge applied by Franchisor and the bank, if any. Franchisee shall at all times maintain in the designated bank account funds sufficient to pay all royalty and required Fund contributions when due. If royalty payments are not received when due, interest may be charged by Franchisor in accordance with Section 4.2(d). Upon written notice to Franchisee, Franchisee may be required to pay such royalty fees directly to Franchisor in lieu of EFT at Franchisor's sole discretion.

(d) Interest. Franchisee shall not be entitled to withhold payments due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor hereunder. Any payment or report not actually received by Franchisor on or before such date shall be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither Franchisee nor its Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts that may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

(e) Late Fee. If the payments or reports are not received by Franchisor as required by this Section, Franchisee shall pay to Franchisor, in addition to the overdue amount, a fee of fifty dollars ($50) per day for each day that the royalty is unpaid or the report is not received. This fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay royalties and/or submit reports in accordance with the terms of this Agreement. If for any reason the fee of fifty dollars ($50) is deemed to be interest charged, required or permitted, in excess of the maximum rate allowed by applicable law, any such excess shall be applied as a payment and reduction of any other amounts that may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party that paid such amount.

4.3 Gross Sales. For the purposes of this Agreement, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, without limitation, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Restaurant), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the point of sale system and any cash shortage shall not be considered in the determination. Gross Sales shall expressly exclude the following:

(a) Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Restaurant, and any other tax, excise or duty that is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that such taxes are actually transmitted to the appropriate taxing authority;

(b) Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Restaurant nor having any material effect upon the ongoing operation of the Restaurant required under this Agreement; and

(c) Other items authorized by Franchisor in writing to be excluded from Gross Sales. Any such authorization may be revoked or withdrawn at any time in writing by Franchisor in its discretion.

ARTICLE V FRANCHISOR'S OBLIGATIONS

5.1 Franchisor Services. Franchisor and/or its designated representative will provide the services described below with regard to the Restaurant:

(a) Site Selection Guidelines. Written site selection guidelines and such site selection assistance as Franchisor may deem advisable.

(b) On-Site Evaluation. At Franchisor's discretion, such on-site evaluation as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation; provided, however, that Franchisor shall not provide an on-site evaluation for any proposed site prior to the receipt of all required information and materials concerning such site prepared pursuant to Article II. If on-site evaluations are deemed appropriate by Franchisor, or upon Franchisee's reasonable request, Franchisor reserves the right to charge a reasonable fee for performing each such evaluation and a fee representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages.

(c) Plans and Specifications. On loan, a set of prototypical architectural and design plans and specifications for a Restaurant. Franchisee shall independently, and at Franchisee's expense, have such architectural and design plans and specifications adapted for construction of the Restaurant in accordance with Article II.

(d) Manuals. On loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as Franchisor shall have developed for use in the franchised business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section 10.1.

(e) Visits. Visits to the Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor, as more fully described in Section 7.5(g).

(f) Advertising Materials. Samples or camera ready artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Restaurant.

(g) Operating Techniques. Advice and written materials concerning techniques of managing and operating the Restaurant from time to time developed by Franchisor, including new developments and improvements in Restaurant equipment and food products and the packaging and preparation thereof.

(h) Merchandise. From time to time and at Franchisor's discretion, at a reasonable cost make available for resale to Franchisee's customers, certain merchandise identifying the System, such as pre-packaged food products and memorabilia, in sufficient amounts to meet customer demand. Similarly, Franchisor may make available from time to time certain Restaurant equipment and decor items at a reasonable cost.

(i) List of Suppliers. A list of approved suppliers as described in Section 7.4 from time to time as Franchisor deems appropriate.

(j) Training. An initial training program for Franchisee's Operating Principal, General Manager and other Restaurant personnel and other training programs in accordance with the provisions of Section 6.5.

(k) Marketing Fund. Administration of a marketing fund and/or, if and when established, advertising cooperatives in accordance with Article VIII.

5.2 Responsibilities of Area Representative. Franchisor reserves the right to retain the services of an area representative ("Area Representative") in the geographic area in which Franchisee's Restaurant is or will be located. In such event, the Area Representative, on behalf of Franchisor, will perform certain sales, site assistance, training, and/or supervisory services directed by Franchisor. Franchisee hereby agrees to any such delegation and assignment by Franchisor of any portion or all of Franchisor's obligations and rights under this Agreement. Franchisee also acknowledges and agrees that it is not a third party beneficiary of any Area Representative Agreement or other agreement between Franchisor and any Area Representative.

ARTICLE VI FRANCHISEE'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Optimum Sales. Each of Franchisee and the Controlling Principals covenants and agrees that it shall make all commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales.

6.2 Entity Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and the Controlling Principals represent, warrant and covenant that:

(a) Due Formation. Franchisee is duly organized and validly existing under the state law of its formation;

(b) Qualification. Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(c) Single Purpose. Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by Franchisor;

(d) Power and Authority. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

(e) Organizational Documents. Copies of Franchisee's organizational documents, other governing documents, resolutions or consents of the governing board authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of equity interests in Franchisee, and any other documents as may be reasonably required by Franchisor shall be furnished to Franchisor prior to the execution of this Agreement;

(f) Ownership Interests. The ownership interests in Franchisee are accurately and completely described on the cover page of this Agreement. Franchisee shall immediately provide a copy of the updated list of all owners to Franchisor upon the occurrence of any change of ownership and otherwise make its list of owners available to Franchisor upon request;

(g) Restriction on Transfer. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly-held corporation. For purposes of this Agreement, a publicly-held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act. If Franchisee is a partnership or limited liability company, its written partnership or limited liability company agreement shall provide that ownership of an interest in such entity is held subject to all restrictions imposed upon assignments by this Agreement;

(h) Financial Statements. Franchisee and, at Franchisor's request, each of the Controlling Principals, have provided Franchisor with the most recent financial statements of Franchisee and such Controlling Principals. Such financial statements present fairly the financial position of Franchisee and each of the Controlling Principals, as applicable, at the dates indicated therein and with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Franchisee shall maintain at all times sufficient working capital to fulfill its obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities on the financial statements of Franchisee or the Controlling Principals;

(i) Franchisee's Principals. If, after the execution of this Agreement, any person ceases to qualify as one of Franchisee's Principals (as defined in Section 18.21) or if any individual succeeds to or otherwise comes to occupy a position that would, upon designation by Franchisor, qualify him as one of Franchisee's Principals, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Franchisee's Principals or as a Controlling Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by Franchisor to be executed by others in such positions;

(j) Execution of Documents. Franchisee's Principals shall each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete in the form of Attachment C to this Agreement (see Sections 10.2(b) and 10.3(g). The Controlling Principals shall, jointly and severally, guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements hereunder, and shall otherwise bind themselves to the terms of this Agreement as stated herein, pursuant to the terms and conditions of the Controlling Principals Guaranty and Covenant in the form of Attachment A to this Agreement, and shall otherwise bind themselves to the terms of this Agreement as stated herein and in the Controlling Principals Guaranty and Covenant; and

(k) Continuing Obligations. Franchisee and the Controlling Principals acknowledge and agree that the representations, warranties and covenants set forth in this Section are continuing obligations of Franchisee and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and the Controlling Principals shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

6.3 Operating Principal.

(a) Designation. Upon the execution of this Agreement, Franchisee shall designate and retain an individual to serve as the Operating Principal of the Restaurant (the "Operating Principal"). If Franchisee is an individual, Franchisee shall be the Operating Principal.

(b) Guaranty. The Operating Principal shall execute the Controlling Principals Guaranty and Covenant in the form of Attachment A to this Agreement as one of the Controlling Principals, and shall be individually, jointly and severally, bound by all obligations of Franchisee, the Operating Principal and the Controlling Principals hereunder and under the Controlling Principals Guaranty and Covenant.

(c) General Manager. The Operating Principal must, at its option, either serve as the General Manager (as defined in Section 6.4) or, subject to the approval of Franchisor, designate another individual to serve as the General Manager; which designated individual shall also perform the duties and obligations of Operating Principal described herein; provided that Operating Principal shall take all necessary action to ensure that such designee conducts and fulfills all of Operating Principal's obligations in accordance with the terms of this Agreement and Operating Principal shall remain fully responsible for such performance.

(d) Qualifications. The Operating Principal shall, during the entire period he serves as Operating Principal, meet the following qualifications:

(i) The Operating Principal must maintain a direct or indirect ownership interest in Franchisee. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in Franchisee shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(ii) The Operating Principal (and any such designee) shall meet Franchisor's standards and criteria for such individual, as set forth in the Manuals or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

(iii) The Operating Principal (or his designee, if applicable) shall devote substantial full time and best efforts to the supervision and conduct of the franchised business, and may not engage in any other business activity without the Franchisor's consent.

(iv) The Operating Principal (or his designee, if applicable) shall satisfy the training requirements set forth in Section 6.5.

(e) Replacement. If the Operating Principal or any designee is not able to continue to serve in the capacity of Operating Principal or no longer qualifies to act as such in accordance with this Section, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the Operating Principal or such designee ceases to serve or be so qualified, such replacement being subject to the same qualifications and restrictions listed above. Franchisee shall provide for interim management of the activities contemplated under this

Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

6.4 General Manager.

(a) Designation. Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Restaurant. Franchisee shall designate its General Manager prior to attending the initial training program. The General Manager shall be responsible for the daily operation of the Restaurant. The General Manager may be one of the Controlling Principals.

(b) Qualifications. The General Manager shall, during the entire period he serves as General Manager, meet the following qualifications:

(i) The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manuals or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

(ii) The General Manager shall devote full time and best efforts to the supervision and management of the Restaurant, and may not engage in any other business activity without the Franchisor's consent.

(iii) The General Manager shall satisfy the training requirements set forth in Section 6.5.

(c) Replacement. If the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by Franchisor). Franchisee shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. If Franchisee fails to have a replacement General Manager satisfactorily complete Franchisor's training or certified as meeting such requirements, in lieu of termination, Franchisor may charge Franchisee an additional support fee until such General Manager is properly trained or certified in accordance with Franchisor's requirements. Such support fee shall be in the amount of one hundred dollars ($100) per week, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 4.2(c) at the same time Franchisor withdraws the royalty fee.

6.5 Training. Franchisee agrees that it is necessary to the continued operation of the System and the Restaurant that Franchisee's Operating Principal and General Manager receive such training as Franchisor may require, and accordingly agrees as follows:

(a) Initial Training. Not later than thirty (30) days prior to the date the Restaurant commences operations, Franchisee's Operating Principal and General Manager shall attend and complete, to Franchisor's satisfaction, Franchisor's initial training program. Training of such persons shall be conducted by Franchisor or its designee at a Franchisor-operated Restaurant or such other location designated by Franchisor, if the Restaurant is the first Restaurant developed by Franchisee. Franchisor shall provide instructors and training materials for the initial training of the initial Operating Principal and General Manager at no charge to Franchisee; provided that Franchisor shall have the right to charge a reasonable fee for such training of any additional managers or Restaurant personnel.

(b) Replacement Training. Franchisor shall determine, in its sole discretion, whether the Operating Principal and General Manager have satisfactorily completed initial training. If the initial training program is not satisfactorily completed by the Operating Principal or General Manager, or if Franchisor in its reasonable business judgment based upon the performance of the Operating Principal or General Manager, determines that the training program cannot be satisfactorily completed by any such person, Franchisee shall designate a replacement to satisfactorily complete such training. Any Operating Principal or General Manager subsequently designated by Franchisee shall also receive and complete such initial training. Franchisor reserves the right to charge a reasonable fee for any initial training provided by Franchisor to any initial General Manager or any other Restaurant personnel for any Restaurant subsequently developed by Franchisee and otherwise for any initial training provided to a replacement or successor General Manager, if Franchisee is not approved by Franchisor to provide such training. Franchisee shall be responsible for any and all expenses incurred by Franchisee or Franchisee's Operating Principal, General Manager and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and wages.

(c) Additional Training. Franchisee's Operating Principal, General Manager and such other Restaurant personnel as Franchisor shall designate shall attend such additional training programs as Franchisor may offer from time to time, if Franchisor requires such attendance. For all such programs, Franchisor will provide the instructors and training materials. However, Franchisor reserves the right to impose a reasonable fee for such additional training programs that are not mandatory. Franchisee shall be responsible for any and all expenses incurred by Franchisee or its Operating Principal, General Manager and other Restaurant personnel in connection with such additional training, including, without limitation, costs of travel, lodging, meals, and wages.

(d) On-Site Remedial Training. Upon the reasonable request of Franchisee or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's Restaurant personnel. For additional training and assistance requested by Franchisee, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, meals, and wages. The per diem fee will not be charged if such assistance is provided based on Franchisor's determination that such training and assistance is necessary; however, Franchisor reserves the right to charge for its reasonable expenses incurred in connection with such training and assistance.

(e) Annual Meetings and Conference Calls. Franchisee's Operating Principal must attend, at Franchisee's expense, all annual and other meetings and conference calls of franchisees that Franchisor determines are mandatory for all franchisees, or groups of franchisees as designated by Franchisor, such as franchisees within a particular geographic region. Franchisor reserves the right to impose a reasonable fee for such meetings. Franchisor may impose a charge for Franchisee's Operating Principal's failure to attend such meetings and conference calls.

6.6 Compliance with Laws. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the franchised business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

6.7 Notification of Proceedings. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the franchised business.

6.8 Power-of-Attorney.

(a) Telephone and Internet. Upon the execution of this Agreement and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to Franchisor upon the termination or expiration of this Agreement, as required under Section 17.15, all rights to the telephone numbers of the Restaurant and all related Yellow Pages, White Pages and other business listings, and all Internet listings, domain names, Internet accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, electronic mail addresses or any other similar listing or usages related to the Franchised Business.

ARTICLE VII FRANCHISE OPERATIONS

7.1 Standards Compliance. Franchisee understands the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Restaurant. To protect the reputation and goodwill of Franchisor and to maintain the high standards of operation under the Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time, and any other manuals and materials created or approved for use in the operation of Restaurants.

(a) Franchisee shall pay to Franchisor the sum of $100 per day for each day Franchisee remains noncompliant after Franchisor's notice of non-compliance with the operational or system standards of the Restaurant. The non-compliance fee shall be in addition to all other remedies permitted Franchisor under this Agreement.

7.2 Maintenance of Restaurant. Franchisee shall maintain the Restaurant in a high degree of sanitation, repair and condition, and shall make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, decor, and equipment (including, but not limited to, point of sale systems and computer systems) as Franchisor may reasonably direct. Franchisee shall also obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials that Franchisor may reasonably require for Franchisee to offer and sell new menu items from the Restaurant or to provide the Restaurant services by alternative means. Except as may be expressly provided in the Manuals, no alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Restaurant or its premises without Franchisor's prior written approval.

7.3 Upgrade of Restaurant. Upon Franchisor's request, Franchisee shall make such improvements to the Restaurant to conform it to Franchisor's then-current standards and specifications. Without limitation of the foregoing, Franchisee shall make any capital improvements required by this Section if requested by Franchisor on or after the fifth anniversary of the Opening Date, or at such other time that a majority of the Restaurants then operated by Franchisor or its affiliates have made or are utilizing best efforts to make such improvements or modifications.

7.4 Sourcing. Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale systems and computer systems) and other products used or offered for sale at the Restaurant. Except as provided in Sections 7.8 and 7.9 with respect to certain materials bearing the Marks and proprietary products, and Section 7.11 with respect to vehicles used in the operation of the Restaurant, Franchisee shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet Franchisor's then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier; and who have not thereafter been disapproved by Franchisor. If Franchisee desires to purchase, lease or use any products or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier.

7.5 Operational Requirements. Franchisee shall operate the Restaurant in strict conformity with Franchisor's methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, Franchisee agrees:

(a) Distribution Method. To sell or offer for sale all menu items, products and services required by Franchisor and in the method, manner and style of distribution prescribed by Franchisor, including, but not limited to, dining-in, carry-out, catering or delivery services, only as expressly authorized by Franchisor in writing in the Manuals or otherwise. Franchisee agrees to comply with the terms of any such distribution program and in connection therewith to execute such documents or instruments that Franchisor may deem necessary to such program.

(b) Menu Items. To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor; to discontinue selling and offering for sale any menu items, products or services and any method, manner or style of distribution that Franchisor may, in its sole discretion, disapprove in writing at any time; and to refrain from deviating from Franchisor's standards and specifications.

(c) Inventory. To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to Franchisor's standards and specifications; to prepare all menu items in accordance with the recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, using the brand and/or type of ingredients required by Franchisor and the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming items or differing amounts of any items.

(d) Testing. To permit Franchisor or its agents, at any reasonable time, to remove samples of food or non-food items from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

(e) Gift Certificates, Online and Delivery Services. To participate in any gift certificate or card program established by Franchisor, Franchisee shall purchase and maintain a minimum inventory of gift certificates or cards, shall offer such gift certificates or cards for sale and shall honor any such gift certificates or cards presented at the Restaurant for the purchase of food or beverage items. Franchisee may not create or issue its own gift certificates or cards and shall only sell gift certificates or cards approved by Franchisor. Franchise agrees to participate in required online and delivery services as set forth in the Operations Manual or otherwise directed by the Franchisor.

(f) Equipment. To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including point of sale systems and computer systems), decor items, digital menu board, signs, and related items as Franchisor may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications.

(g) Inspections. To grant Franchisor and its agents the right to enter upon the Restaurant premises and, in Franchisor's discretion, to examine any motor vehicle used in connection with Restaurant operations at any time for the purpose of conducting inspections; to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during an inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so taking the corrective action (including, without limitation, any necessary re-inspection). Any such fee is payable by Franchisee immediately upon demand.

(h) Staff. To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

7.6 Computer Systems. Franchisee shall install and maintain the point of sale systems, online information tracking systems, digital menu board, computer hardware and software (including, without limitation, point of sale software) Franchisor requires for the operation of the Restaurant and shall follow the procedures related thereto that Franchisor specifies in the Manuals or otherwise in writing. Among other things, Franchisor may require that Franchisee install and maintain systems that permit Franchisor or its representatives to access and retrieve electronically any information stored in Franchisee's point of sale, digital menu boards and computer systems, including, without limitation, information concerning Restaurant Gross Sales, at the times and in the manner that Franchisor may specify from time to time. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor or its representative to access and retrieve electronically all information stored on any point of sale system or computer system used in connection with the Restaurant. Franchisor also may require Franchisee to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System. All information contained in and collected by any such computer program shall be the sole and exclusive property of Franchisor.

7.7 Internet and Website. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the bit speed required by Franchisor from time to time. Franchisee shall maintain an electronic mail account with an Internet service provider acceptable to Franchisor. Franchisee shall read the electronic mail for the franchised business on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided herein.

(a) Franchisor has established an Internet Website that provides information about the System and the products and services offered by Restaurants. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.

(b) Franchisor may (but is not required to) include at the Website an interior page containing information about Franchisee's Restaurant. If Franchisor includes such information on the Website, Franchisor may require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

(c) Franchisor has established an Intranet through which Franchisor and its franchisees can communicate by electronic mail or similar electronic means. Franchisee shall use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). The amount of the Intranet access fee may be modified from time to time to reflect Franchisee's prorata share of any increased cost in maintaining the Intranet with the Intranet provider. Franchisee shall be provided with at least thirty (30) days prior written notice of any change in such fee.

7.8 Recipes. Franchisor has and may continue to develop for use in the System certain products that are prepared from Franchisor proprietary recipes and that bear the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of such products. Accordingly, Franchisee agrees that with respect to such products, whether or not such products are proprietary, Franchisee shall use only products manufactured by or on behalf of Franchisor, and shall purchase solely from Franchisor or from a source designated by Franchisor or, with respect to products manufactured by or on behalf of Franchisor, from a seller of such products, all of Franchisee's requirements for such products. Franchisee further agrees to purchase from Franchisor or from a source designated by Franchisor for resale to Franchisee's customers certain merchandise identifying the System as Franchisor shall require, such as pre-packaged food products and memorabilia and promotional products, in amounts sufficient to satisfy Franchisee's customer demand.

7.9 Advertising Materials. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the franchised business), and other items that may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor.

7.10 Complaints. Franchisee shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify Franchisor by telephone and in writing of all: (a) food related illnesses, (b) safety or health violations, (c) claims exceeding One Thousand Dollars ($1,000.00), and (d) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain any communications with governmental authorities affecting the Restaurant during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

7.11 Vehicles. Any vehicle used by Franchisee in connection with the operation of the Restaurant shall meet Franchisor's image and other standards. Franchisee shall place such signs and decor items on the vehicle as Franchisor requires and shall at all times keep such vehicle clean and in good working order. Franchisee shall not permit anyone to operate a vehicle used in connection with the Restaurant who is under the age of eighteen (18) years or who does not possess a valid driver's license under the laws of the state in which the Restaurant is located. Franchisee shall require each such person who operated a vehicle used in connection with Restaurant operations to comply with all laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of motor vehicles. Except as noted above, Franchisor does not set forth any standards or exercise control over any motor vehicle utilized by Franchisee.

ARTICLE VIII ADVERTISING AND RELATED FEES

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

8.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor shall be final and binding upon Franchisee.

8.2 Local Advertising. In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of Franchisee's expenditures for local advertising to the Cooperative as described in Section 8.4, or Fund as described in Section 8.3, if requested by Franchisor, Franchisee shall spend, annually throughout the term of this Agreement, not less than one percent (1%) of the Gross Sales of the Restaurant on advertising for the Restaurant in its Assigned Area ("Local Advertising"). Franchisee shall submit to Franchisor annually an advertising expenditure report accurately reflecting such expenditures for the preceding period on or before the 1st day of February following the end of each calendar year. If that day is not a business day, then such report shall be due on the next business day. In addition to the restrictions set forth below, costs and expenditures incurred by Franchisee in connection with any of the following shall not be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing:

(a) Incentive programs for employees or agents of Franchisee, including the cost of honoring any coupons distributed in connection with such programs;

(b) Research expenditures;

(c) Salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities;

(d) Charitable, political or other contributions or donations;

(e) In-store materials consisting of fixtures or equipment; and

(f) Seminar and educational costs and expenses of employees of Franchisee.

8.3 Marketing Fund.

(a) Establishment. Franchisor has established a marketing fund (the "Fund") on behalf of the System for advertising and marketing. Franchisor will, from time to time, designate a percentage of the Gross Sales of the Restaurant to be contributed to the Fund and Franchisee agrees to contribute that amount at the same time and in the same manner as the corresponding royalty fee is paid; provided that Franchisee will not be required to contribute to the Fund more than two percent (2%) of the Gross Sales of the Restaurant. Franchisor may require Franchisee to allocate to the Fund, all or any portion of Franchisee's required contributions to a Cooperative as described in Section 8.4 or expenditures for Local Advertising as described in Section 8.2. In reviewing and establishing or modifying the marketing fee, Franchisor shall consider the level of advertising and marketing expenditures by Restaurants operated by Franchisor and by competitors of the System, media costs, available marketing resources, population changes, changes in market conditions, the degree of market penetration of the System, and such other factors as Franchisor deems relevant to the operation of the Fund. Franchisee shall be provided with thirty (30) days prior written notice of any such change in the marketing fee.

(b) Administration. Franchisor or its designee will administer the Fund as follows:

(i) Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System.

(ii) Franchisor shall, with respect to Restaurants operated by Franchisor, contribute to the Fund generally on the same basis as Franchisee.

(iii) Franchisor may use the Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).

(iv) The Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Fund, generally not to exceed 20% per year. The Fund and its earnings shall not otherwise inure to Franchisor's benefit.

(v) Franchisor will prepare an annual statement of the Fund's operations and will make it available to Franchisee upon request. In administering the Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

(vi) Although the Fund is intended to be of perpetual duration, Franchisor may terminate it. Franchisor will not terminate the Fund, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

8.4 Advertising Cooperative.

(a) Establishment. Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate any geographic area in which two (2) or more Restaurants are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). The members of the Cooperative for any area shall, at a minimum, consist of all Restaurants located in such area. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by Franchisor in its sole discretion. Each Cooperative shall be organized for the exclusive purposes of administering advertising programs and developing, subject to Franchisor's approval pursuant to Section 8.7, promotional materials for use by the members in Local Advertising. If at the time of the execution of this Agreement a Cooperative has been established for a geographic area that encompasses the Restaurant, or if any such Cooperative is established during the term of this Agreement, Franchisee shall execute such documents as are required by Franchisor immediately upon the request of Franchisor and shall become a member of the Cooperative pursuant to the terms of those documents.

(b) Participation. Franchisee shall participate in the Cooperative as follows:

(i) Subject to any allocation of Franchisee's contribution to a Cooperative to the Fund as described in Section 8.3, Franchisee shall contribute to the Cooperative such amounts required by the documents governing the Cooperative; provided, however, Franchisee will not be required to contribute more than one percent (1%) of Franchisee's Gross Sales during each Accounting Period to the Cooperative unless, subject to Franchisor's approval, the members of the Cooperative agree to the payment of a larger fee. Notwithstanding the above, the payment of any such Cooperative fee shall be applied toward satisfaction of the Franchisee's Local Advertising requirement set forth in Section 8.2;

(ii) Franchisee shall submit to the Cooperative and to Franchisor such statements and reports as may be required by Franchisor or by the Cooperative. All contributions to the Cooperative shall be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative shall be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above; and

(iii) No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without the prior consent of Franchisor or its representative. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 8.7.

8.5 Total Advertising Contribution. Regardless of whether Franchisor establishes a Fund under Section 8.3 applicable to the Restaurant, or a Cooperative is established under Section 8.4 applicable to the Restaurant, the total required advertising contributions or payments by Franchisee under this Article (i) to a Fund, (ii) to a Cooperative, and (iii) for Local Advertising, shall not exceed two percent (2%) of Franchisee's Gross Sales.

8.6 Yellow Pages. Franchisee shall also place and pay the cost of a Yellow Pages trademark or other business listings in the local market area. Any amount paid by Franchisee for such Yellow Pages trademark or other business listings may not be applied by Franchisee toward satisfaction of its Local Advertising requirement.

8.7 Approval of Advertising. All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manuals or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising and promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed (e.g., materials to be made available through a computer or telecommunications network such as the Internet), that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof. Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Franchisee shall not advertise or use the Franchisor's Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication, or establish any website listing on the Internet or World Wide Web, without the express written consent of Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Restaurant and approved by Franchisor may be used by other System Restaurants without any compensation to Franchisee.

8.8 Prices. With respect to the offer and sale of all menu and beverage items, Franchisor may from time to time offer guidance with respect to the selling price for such goods, products and services. Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee shall have the right to sell its products and provide services at any price that Franchisee may determine. If Franchisee elects to sell any or all its products or merchandise at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such products or merchandise at the recommended price will enhance Franchisee's sales or profits.

8.9 Volume Rebates. If Franchisor receives any cash rebates, volume discounts, concessions, advertising allowances, or discount bonuses (collectively "Discounts"), whether by way of cash, kind or credit, from any manufacturer or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for Franchisee's account, or franchisees generally, or (ii) by Franchisee directly for its own account, Franchisor shall be entitled to retain the whole of the amount or any part of such Discounts.

ARTICLE IX MARKS

9.1 Grant. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

9.2 Acknowledgements. Franchisee expressly understands and acknowledges that:

(a) Ownership. American Deli Plus, Inc. an affiliate of the Franchisor, is the record owner of the Mark "American Deli", and the Franchisor is licensed to the Marks, American Deli. As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(b) No Interference. Neither Franchisee nor any Controlling Principal shall take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the

System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its Location or in approved advertising related to the Restaurant.

(c) Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

(d) Validity. Franchisee shall not contest the validity of or Franchisor's interest in the Marks or assist others to contest the validity of or Franchisor's interest in the Marks.

(e) Infringement. Franchisee acknowledges that any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights in the Marks and a material event of default hereunder. Franchisee shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks.

(f) Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Restaurant if the current Marks no longer can be used by Franchisor, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

9.3 Agreements. With respect to Franchisee's franchised use of the Marks pursuant to this Agreement, Franchisee further agrees that:

(a) Exact Use. Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Restaurant only under the Mark "American Deli," without prefix or suffix. Franchisee shall not use the Marks as part of its corporate or other legal name, and shall obtain the Franchisor's approval of such corporate or other legal name prior to filing it with the applicable state authority.

(b) Identification. Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant or any catering or delivery vehicle as Franchisor may designate in writing.

(c) Debt. Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

(d) Trade Names. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Infringement. Franchisee shall notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee and the Controlling Principals shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks.

9.5 Nonexclusive License. The right and license of the Marks granted hereunder to Franchisee is nonexclusive and Franchisor thus has and retains the following rights, among others, subject only to the limitations of Article I:

(a) Other Licenses. To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

(b) Other Systems. To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to Franchisee; and

(c) Production and Distribution. To engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (1) the production, distribution, license and sale of products and services, and (2) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Franchisor.

ARTICLE X CONFIDENTIALITY AND NONCOMPETITION COVENANTS

10.1 Manuals.

(a) Restaurant. Franchisor has provided to Franchisee on loan a current copy of the Manuals. The Manuals may be in hard copy or they may be made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manuals (or any changes thereto) are provided in a form other than paper copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manuals. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the franchised business.

(b) Confidential. Franchisee and the Controlling Principals shall at all times treat the Manuals, any written directives of Franchisor, and any other manuals and materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article. Franchisee and the Controlling Principals shall divulge and make such materials available only to such of Franchisee's employees as must have access to it in order to operate the Restaurant. Franchisee and the Controlling Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

(c) Property of Franchisor. The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manuals at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise and shall report the theft or loss of the Manuals, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall and similar technology to prevent unauthorized access. Franchisee shall return the Manuals to Franchisor immediately upon request or upon termination or expiration of this Agreement.

(d) Supplement to Agreement. The Manuals, any written directives, and any other manuals and materials issued by Franchisor and any modifications to such materials shall supplement this Agreement.

(e) Revisions. Franchisor may from time to time revise the contents of the Manuals and other manuals and materials created or approved for use in the operation of the franchised business. Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control. Franchisee shall remove and return to Franchisor all pages of the Manual that have been replaced or updated by Franchisor.

(f) Replacement Fee. Franchisor will charge a replacement fee of One Thousand Dollars ($1,000) for any replacement Manual requested by Franchisee.

10.2 Confidential Information.

(a) Confidential. Neither Franchisee nor any Controlling Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, they shall not use for their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the franchised business that may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement ("Confidential Information"). Franchisee and the Controlling Principals shall divulge such Confidential Information only to Franchisee's employees who must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System that Franchisor provides to Franchisee in connection with this Agreement shall be deemed Confidential Information for purposes of this Agreement. Neither Franchisee nor the Controlling Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each of the Controlling Principals.

(b) Covenants. Franchisee shall require and obtain the execution of covenants similar to those set forth in Section 10.2(a) from its General Manager and all other personnel of Franchisee who have received or will have access to Confidential Information. Such covenants shall be substantially in the form set forth in Attachment C. All of Franchisee's Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants.

(c) New Concepts. If Franchisee or the Controlling Principals develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant, Franchisee is required to promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Franchisee and the Controlling Principals acknowledge that any such concept, process product, recipe, or improvement will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees or developers as it determines to be appropriate.

10.3 Noncompetition Covenants.

(a) In-Term Covenants. Franchisee and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Controlling Principals will receive valuable training, trade secrets and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System that are beyond the present skills and experience of Franchisee and the Controlling Principals and Franchisee's managers and employees. Franchisee and the Controlling Principals acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and the Controlling Principals covenant that with respect to Franchisee, during the term of this Agreement (or with respect to each of the Controlling Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling

Principals" as described in Section 18.21), except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Controlling Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity:

(i) Divert, or attempt to divert, any business or customer of the franchised business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in a legal entity), advise, assist or make loans to, any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant, including a business that offers and sells as a menu item any one or more of chicken wings, philly cheese steak sandwiches or salads.

(b) Post-Term Covenants. In consideration for the specialized training, trade secrets, Confidential Information and rights described in Section 10.3(a), Franchisee and Controlling Principals covenant that with respect to Franchisee, and for a continuous uninterrupted period commencing upon the expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement (or, with respect to each of the Controlling Principals, commencing upon the earlier of: (1) the expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement or (2) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as described in Section 18.21) and continuing for three years thereafter, except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Controlling Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person or entity:

(i) Divert, or attempt to divert, any business or customer of the franchised business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(ii) Employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by Franchisor, any of its affiliates or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee.

(iii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in a legal entity), advise, assist or make loans to, any business that is of a character and concept similar to the Restaurant, including a business that offers and sells as a menu item any one or more of chicken wings, philly cheese steak sandwiches and salads, which business is, or is intended to be, located within the Assigned Area or within a twenty-five (25)-mile radius of the location of any Restaurant in existence or under construction as of the date (as applicable) of expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement or the time such individual or entity ceases to satisfy the definition of Controlling Principals.

(c) Public Company. Section 10.3(a)(ii) and (b)(iii) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

(d) Reasonableness. The parties acknowledge and agree that each of the covenants contained in this Section are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of these covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Controlling Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(e) Reduction of Scope. Franchisee and the Controlling Principals understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Controlling Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 18.3.

(f) No Defense. Franchisee and the Controlling Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

(g) Covenants of Managers and Franchisee's Principals. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from its General Manager and all other management level personnel of Franchisee who have received or will have access to training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment C. All of Franchisee's Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the noncompetition covenant set forth in Attachment C or eliminate such noncompetition covenant altogether for any party that is required to execute such agreement under this Section.

10.4 Injunctive Relief. Failure to comply with the requirements of this Article shall constitute a material event of default under this Agreement. Franchisee and the Controlling Principals acknowledge that a violation of the terms of this Article would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Franchisee or the Controlling Principals in violation of the terms of this Article. Franchisee and the Controlling Principals agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in connection with the enforcement of this Article, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Article.

ARTICLE XI BOOKS AND RECORDS

11.1 Books and Records. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

11.2 Reports. In addition to the remittance reports required by Articles IV and VIII, Franchisee shall comply with the following reporting obligations:

(a) Monthly Statements. Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, profit and loss statement for each of the Accounting Periods designated by Franchisor (the "Statement Period") (which may be unaudited) for Franchisee within fifteen (15) days after the end of each Statement Period during the term hereof. Each such statement shall be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

(b) Annual Statements. Franchisee shall, at its expense, provide to Franchisor a complete annual financial statement (which may be unaudited) for Franchisee prepared by an independent certified public accountant satisfactory to Franchisor, within ninety (90) days after the end of each fiscal year of Franchisee during the term hereof, showing the results of operations of Franchisee during such fiscal year; Franchisor reserves the right to require the financial statements described above to be audited by an independent Certified Public Accountant; and

(c) Additional Reports. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in writing.

11.3 Review and Inspection. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy any or all of the books and records of Franchisee as Franchisor may require at the Restaurant. Franchisee shall make such books and records available to Franchisor or its designees immediately upon request. If any required royalty payments to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.2(d). If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

11.4 Mistakes. Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or royalties paid to Franchisor (or the cashing of any royalty checks or processing of any electronic fund transfers) shall not preclude Franchisor from questioning the correctness thereof at any time and, if any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee.

11.5 Release of Information. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Restaurant. Franchisee authorizes Franchisor to disclose data from Franchisee's reports, if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

ARTICLE XII INSURANCE

12.1 Insurance Policy. Franchisee shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor and its affiliates, successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

12.2 Coverage. Such policy or policies shall be written by a responsible carrier or carriers reasonably acceptable to Franchisor and shall include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified by Franchisor from time to time), in accordance with standards and specifications set forth in writing, the following:

(a) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in the amount of Two Million Dollars ($2,000,000) combined single limit.

(b) "All Risks" coverage for the full cost of replacement of the Restaurant premises and all other property in which Franchisor may have an interest with no coinsurance clause for the premises.

(c) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than One Million Dollars ($1,000,000) combined single limit.

(d) Worker's compensation insurance in statutory amounts on all employees of Franchisee and employer's liability insurance in amounts not less than One Million Dollars ($1,000,000) per accident/disease.

(e) Such other insurance as may be required by the state or locality in which the Restaurant is located and operated.

12.3 Deductibles. Franchisee may, with the prior written consent of Franchisor, elect to have reasonable deductibles in connection with the coverage required under this Section. Such policies shall also include a waiver of subrogation in favor of Franchisor, its affiliates and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

12.4 Builder's Risk. In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, Franchisee shall maintain Builder's Risks/Installation insurance in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

12.5 No Limitation. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Article XV.

12.6 Additional Insured. All required insurance policies shall name Franchisor and its affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall include a waiver of subrogation in favor of the additional insureds. All such insurance policies shall provide that any interest of the additional insureds therein shall not be affected by any breach by Franchisee of any policy provisions. All public liability and property damage policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of the negligence of Franchisee or its servants, agents or employees.

12.7 Certificates of Insurance. Upon execution of this Agreement, and thereafter in accordance with Article II and thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

12.8 Failure to Maintain. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

ARTICLE XIII DEBTS AND TAXES

13.1 Payment. Franchisee shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the franchised business under this Agreement. Without limiting the provisions of Article XV, Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether Taxes were correctly or legally asserted or not. Franchisee shall submit a copy of all tax filings sent to federal, state and local tax authorities to Franchisor within ten (10) business days after such filing has been made with the appropriate taxing authority.

13.2 No Deduction. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes. The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

13.3 Dispute. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the premises of the franchised business or any improvements thereon.

ARTICLE IX TRANSFER OF INTEREST

14.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without Franchisee's consent. Specifically, and without limitation to the foregoing, Franchisee agrees that Franchisor may sell its assets, and may sell or license the Marks or the System to a third party; may offer its securities privately or publicly; may merge, acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor to any other party. Nothing contained in this Agreement shall require Franchisor to offer any services or products, whether or not bearing the Marks, to Franchisee, if Franchisor assigns its rights in this Agreement.

14.2 Transfer by Franchisee.

(a) Consent of Franchisor. Franchisee and the Controlling Principals understand and acknowledge that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Controlling Principals and with the expectation that the duties and obligations contained in this Agreement will be performed by Franchisee and those Controlling Principals signing this Agreement. Accordingly, neither Franchisee nor any Controlling Principal, nor any successor or assign of Franchisee or any Controlling Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Restaurant or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

(b) Conditions. If Franchisee wishes to transfer all or part of its interest in the Restaurant or this Agreement or if a Controlling Principal wishes to transfer any ownership interest in Franchisee, transferor and the proposed transferee shall apply to Franchisor for its consent. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in the Restaurant or in this Agreement. Franchisor may, however, in its sole discretion, require any or all of the following as conditions of its consent to any such transfer:

(i) Monetary Obligations. All of the accrued monetary obligations of Franchisee and its affiliates and all other outstanding obligations to Franchisor and its affiliates arising under this Agreement or any other agreement shall have been satisfied in a timely manner and Franchisee shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(ii) No Default. Franchisee and its affiliates shall not be in default of any provision of this Agreement, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

(iii) Release. The transferor and its principals (if applicable) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, their respective partners and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

(iv) Satisfaction of Criteria. The transferee shall demonstrate to Franchisor's satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a license, including, but not limited to, Franchisor's educational, managerial and business standards; transferee's moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the franchised business (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by transferee;

(v) Written Assumption. The transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of the transferor contained in this Agreement; and, if transferee is an entity, transferee's owners shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(vi) New Agreement. If requested by Franchisor, the transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as Franchisor may require for the Restaurant, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, advertising contribution or expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee; and, if transferee is an entity, transferee's owners shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(vii) Improvements. The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant and, if applicable, any catering or delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements within the time period reasonably specified by Franchisor;

(viii) Liability for Prior Acts. The transferor shall remain liable for all of the obligations to Franchisor in connection with the Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(ix) Training. At the transferee's expense, the transferee, the transferee's operating principal, general manager (as applicable) and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as Franchisor may reasonably require;

(x) Transfer Fee. The transferee shall pay to Franchisor a transfer fee of Ten Thousand Dollars ($10,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, training costs and legal and accounting fees and costs except as follows: 1) that the transfer fee shall be reduced to Seven Thousand Five Hundred Dollars ($7,500) if the transferee is a current franchisee in good standing, 2) the transfer fee shall be reduced to Five Thousand Dollars if the transferee is a child or parent of the franchisee and the franchisee is in good standing; and

(xi) Entity Representations. If the transferee is an entity, the transferee shall provide to Franchisor evidence satisfactory to Franchisor that the representations, warranties and covenants of Section 6.2 have been satisfied and are true and correct on the date of transfer.

(c) Reasonableness. Franchisee acknowledges and agrees that each condition that must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

(d) Security Interest. Franchisee shall not grant a security interest in the Restaurant or in any of Franchisee's assets without Franchisor's prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by Franchisor to agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee.

14.3 Transfer to Affiliate. If Franchisee desires to transfer any interest in this Agreement to an entity formed solely for the convenience of ownership or affiliated with Franchisee, Franchisor's consent may be conditioned upon any of the requirements in Section 14.2(b), except that the requirements in Sections 14.2(b)(iii), (iv), (vi), (vii), (ix) and (x) shall not apply, but Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees and costs. With respect to a transfer to an entity formed for the convenience of ownership or affiliated with Franchisee, Franchisee or the existing holders of an ownership interest in Franchisee, as applicable, shall be the holders of all ownership interests of such entity, and Franchisee or each existing holder of an ownership interest in Franchisee, as applicable, shall have the same proportionate ownership interest in such entity as he had in Franchisee prior to the transfer.

14.4 Right of First Refusal.

(a) Notice of Offer. If Franchisee wishes to transfer all or part of its interest in the Restaurant or this Agreement or if a Controlling Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by Franchisor describing such offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur within the later of sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor, sixty (60) days from the date Franchisor receives or obtains all necessary documentation, permits and approvals, or such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14.2, with respect to a proposed transfer.

(b) Non-Cash Consideration. If an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be final and binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees. If Franchisor exercises its right of first refusal herein provided, it shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from Franchisee hereunder and (ii) all amounts due from Franchisee to Franchisor or any of its affiliates.

(c) Default. Failure to comply with the provisions of this Section prior to the transfer of any interest in Franchisee, the Restaurant or this Agreement shall constitute a material event of default under this Agreement.

14.5 Death and Permanent Disability.

(a) Death. Upon the death of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party in accordance with the conditions described in this Article within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

(b) Permanent Disability. Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article within six (6) months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity that would prevent a person from performing the obligations set forth in this Agreement or in the Controlling Principals Guaranty and Covenant attached as Attachment A to this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section. The costs of any examination required by this Section shall be paid by Franchisor.

(c) Notice. Upon the death or claim of permanent disability of Franchisee or any Controlling Principal, Franchisee or a representative of Franchisee must notify Franchisor of such death or claim of permanent disability within five (5) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

14.6 No Waiver. Franchisor's consent to a transfer of any interest described herein shall not constitute a release under this Agreement of the transferring party, nor a waiver of any claims that Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

14.7 Public Offering. Securities in Franchisee may be offered to the public (a "public offering") only with the prior written consent of Franchisor, which consent may be withheld in its sole discretion. As a condition of its consent to such offering, Franchisor may, in its sole discretion, require that immediately after such offering that the Controlling Principals retain a controlling interest in Franchisee. For the purpose of this Agreement, "controlling interest" shall mean that the Controlling Principals, either individually or cumulatively, are entitled, under the entity's organizational documents to cast a sufficient number of votes to require such entity to take or omit to take any action that such entity is required to take or omit to take under this Agreement.

14.8 Review of Offering Materials. All materials required for a public offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials (including any private placement memoranda) to be used in any exempt offering or private placement shall be submitted to Franchisor for such review prior to their use. No Franchisee offering (public or private) shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor and its affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Controlling Principals and the other participants in the offering must fully indemnify Franchisor and its affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed public or private offering, Franchisee shall pay to Franchisor a non-refundable fee of Ten Thousand Dollars ($10,000), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

14.9 Transfers by Franchisee's Principals. If any person holding an interest in Franchisee, this Agreement or the Restaurant (other than Franchisee or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Franchisee shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to such transfer. Such transferee may not be a competitor of Franchisor. Such transferee will be a Franchisee's Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the form attached hereto as Attachment C (see Sections 10.2(b) and 10.3(g). Franchisor also reserves the right to designate the transferee as one of the Controlling Principals.

ARTICLE XV RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

15.1 Relationship. The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.

15.2 Notice to Public. Franchisee shall hold itself out to the public as an independent contractor conducting its Restaurant operations pursuant to the rights granted by Franchisor. Franchisee agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Restaurant premises established for the purposes hereunder or on any catering or delivery vehicle and on all letterhead, business cards, forms, and as further described in the Manuals. Franchisor reserves the right to specify in writing the content and form of such notice.

15.3 No Authority. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee or any of the Controlling Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Controlling Principals or any claim or judgment arising therefrom.

15.4 Employment Policies. Franchisor does not exercise any direction or control over the employment policies or employment decisions of Franchisee. All employees of Franchisee are solely employees of Franchisee, not Franchisor. Franchisee is not Franchisor's agent for any purpose in regard to Franchisee's employees or otherwise.

15.5 Indemnification. Franchisee shall and hereby does indemnify and shall defend at its own cost and save harmless Franchisor, its affiliates, their officers and employees, and their respective successors and assigns, from and against all losses, costs, liabilities, damages, claims and expenses, of every kind and description, however caused, including allegations of negligence by Franchisor or its employees and agents, whether such negligence be sole, joint or concurrent, or active or passive, and including reasonable attorneys' fees, directly or indirectly arising out of or resulting from the construction, operation, alteration, repair or use of the franchised business or the Restaurant premises, including the sale of any food or beverage products, service or merchandise by the franchised business or the operation of any motor vehicle, or of any other business conducted on or in connection with the franchised business by the Franchisee, or because of any act or omission of the Franchisee or anyone associated with, employed by, or affiliated with Franchisee. Franchisee shall promptly give written notice to Franchisor of any action, suit, proceeding, claim, demand, inquiry, or investigation related to the foregoing. Franchisor shall in any event have the right, through counsel of its choice at Franchisee's expense, to control the defense or response to any such action if it could affect the interests of Franchisor, and such undertaking by Franchisor shall not, in any manner or form, diminish Franchisee's obligations to Franchisor hereunder. Under no circumstances shall Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this indemnification and against Franchisee, and the failure of Franchisor to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Franchisor from Franchisee. The obligations of Franchisee under this Section shall survive the termination, expiration or transfer of this Agreement, or any interest herein.

ARTICLE XVI DEFAULT AND TERMINATION

16.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Restaurant premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.

16.2 Default with No or Limited Right to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, upon the occurrence of any of the following events.

(a) Unauthorized Location. If Franchisee operates the Restaurant or sells any products or services authorized by Franchisor for sale at the Restaurant at a location, which has not been approved by Franchisor.

(b) Failure to Acquire Location. If Franchisee fails to acquire a Location for the Restaurant within the time and in the manner specified in Article II.

(c) Failure to Construct. If Franchisee fails to construct or remodel the Restaurant in accordance with the plans and specifications provided to Franchisee under Section 5.1(c) as such plans may be adapted with Franchisor's approval in accordance with Section 2.5.

(d) Failure to Open. If Franchisee fails to open the Restaurant for business within the period specified in Section 2.6.

(e) Cease to Operate. If Franchisee at any time ceases to operate or otherwise abandons the Restaurant, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control), if through no fault of Franchisee, the premises are damaged or destroyed by an event as described above, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

(f) Conviction. If Franchisee or any of the Controlling Principals is convicted of, or has entered a plea of nolo contendere to, a felony or indictable offense, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein.

(g) Threat to Public Health. If a threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant.

(h) Failure to Maintain Operating Principal or General Manager. If Franchisee fails to designate a qualified replacement or successor Operating Principal (or his designee, as applicable) or General Manager within the time required under Section 6.3(e) and 6.4(c), respectively.

(i) Transfer Without Consent. If Franchisee or any of the Controlling Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Restaurant to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal with respect to such transfer, contrary to the terms of Article XIV.

(j) Monetary Default. If Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay when due any monetary obligation owing to Franchisor, or any of its affiliates or vendors, under this Agreement or any other agreement, or to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply).

(k) Noncompetition. If Franchisee or any of the Controlling Principals fails to comply with the in-term covenants in Section 10.3 or Franchisee fails to obtain execution of the covenants and related agreements required under Section 10.3(g) within thirty (30) days after being requested to do so by Franchisor.

(l) Confidential Information. If, contrary to the terms of Section 10.2(a), Franchisee or any of the Controlling Principals discloses or divulges any Confidential Information provided to Franchisee or the Controlling Principals by Franchisor, or fails to obtain execution of covenants and related agreements required under Section 10.2(b) within thirty (30) days after being requested to do so by Franchisor.

(m) Transfer Upon Death or Disability. If an approved transfer upon death or permanent disability of Franchisee or any Controlling Principal is not affected within the time period and in the manner prescribed by Section 14.5.

(n) False Books. If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor.

(o) Breach of Certain Covenants. If Franchisee or any of the Controlling Principals breaches in any material respect any of the covenants set forth in Section 6.2 or has falsely made any of the representations or warranties set forth in Section 6.2.

(p) Failure to Maintain Insurance. If Franchisee fails to procure and maintain such insurance policies as required by Article XII and Franchisee fails to cure such default within seven (7) days following notice from Franchisor.

(q) Fraud or Conduct Affecting the Marks. If Franchisee or any of the Controlling Principals commits fraud in connection with the purchase or operation of the Restaurant or otherwise engages in conduct that, in the sole judgment of Franchisor, materially impairs the goodwill association with the Marks.

(r) Misuse of Marks. If Franchisee misuses or makes any unauthorized use of the Marks, fails to follow Franchisor's directions and guidelines concerning use of the Marks, or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein; and does not cure such default within twenty-four (24) hours following notice from Franchisor.

(s) Default Under Lease. If Franchisee fails to comply with any of the requirements imposed by the lease for the Restaurant premises or the related collateral assignment of lease in favor of Franchisor, and does not cure such default within the cure period, if any, specified in the lease or assignment.

(t) Cross Default. If Franchisee or any of its affiliates are in default under any Franchise Agreement with Franchisor or any of its affiliates and does not cure such default within the time period provided in such Franchise Agreement.

(u) Multiple Defaults. If Franchisee and/or the Controlling Principals commit three (3) or more events of default under this Agreement in any 24 month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor.

16.3 Default and Right to Cure. Except as provided in Sections 16.1 and 16.2 of this Agreement, upon any default by Franchisee that is susceptible of being cured, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination. However, Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30)-day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30)-day period or such longer period as applicable law may require. Defaults that are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

(a) If Franchisee fails to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by Franchisor, or fails to carry out the terms of this Agreement in good faith.

(b) If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by Franchisor in this Agreement or otherwise in writing.

(c) If Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

16.4 Additional Remedies. If Franchisee is in default of this Agreement, Franchisor may, in addition to any other remedies it may have, suspend Franchisee's participation in any advertising or other program Franchisor offers, including any web page for the Restaurant maintained on Franchisor's web site, for so long as Franchisee remains in default.

ARTICLE XVII POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

17.1 Cease Operation. Franchisee shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

17.2 Cease Use of Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "American Deli"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles, which display the Marks.

17.3 Cancel Assumed Names. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark "American Deli" or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

17.4 No Imitation. Franchisee agrees, if it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

17.5 Payment of Monetary Obligations. Franchisee and its Controlling Principals shall promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

17.6 Payment of Damages. Franchisee and the Controlling Principals shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article.

17.7 Return of Manuals. Franchisee shall immediately deliver to Franchisor all Manuals, records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law.

17.8 Confidentiality and Noncompetition. Franchisee and the Controlling Principals shall comply with the restrictions on Confidential Information contained in Article X and shall also comply with the non-competition covenants contained in Article X. Any other person required to execute similar covenants pursuant to Article X shall also comply with such covenants.

17.9 Advertising Materials. Franchisee shall also immediately furnish Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks thereon, whether located on Franchisee's premises or under Franchisee's control at any other location. Franchisor shall have the right to inspect these materials. Franchisor shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost, or to require Franchisee to destroy and properly dispose of such materials. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

17.10 Signs and Menu Boards. Upon execution of this Agreement, in partial consideration of the rights granted hereunder, Franchisee acknowledges and agrees that all right, title and interest in the signs and menu boards used at the Restaurant are hereby assigned to Franchisor, and that upon termination or expiration of this Agreement, neither Franchisee nor any lien holder of Franchisee shall have any further interest therein.

17.11 Assignment of Leases. If Franchisee operates the Restaurant under a lease for the Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the franchised business, then, Franchisee shall, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for the premises of the Restaurant or any equipment related thereto. Franchisor may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. If Franchisor does not elect to exercise its option to acquire the lease for the Restaurant premises or does not have such option, Franchisee shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as Franchisor may reasonably request. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right to enter upon the premises of the franchised business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

17.12 Right to Purchase.

(a) Personal Property. Except as provided in Section 17.9, 17.10 and 17.11, Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any point of sale system or computer systems), signs, fixtures, motor vehicles, supplies, and inventory of Franchisee related to the operation of the Restaurant, at Franchisee's cost or fair market value, whichever is less. Franchisor shall be purchasing Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

(b) Real Property. In addition to the options described above and if Franchisee owns the Restaurant premises, then, Franchisor shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building. Franchisor shall purchase assets free and clear of any liens, charges, encumbrances or security interests and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If Franchisee does not own the land on which the Restaurant is operated and Franchisor exercises its option for an assignment of the lease, Franchisor may exercise this option for the purpose of purchasing the building if owned by Franchisee and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined in accordance with appraisal procedure described above.

(c) Assignments. With respect to the options described in Sections 17.11 and 17.12(a) and (b), Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

17.13 Closing of Purchase. The time for closing of the purchase and sale of the properties described in Section 17.12(a) and (b) shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date Franchisor receives and obtains all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 17.11 shall be a date no later than ten (10) days after Franchisor's exercise of its option thereunder unless Franchisor is exercising its options under either Section 17.12(a) or (b), in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

17.14 Assignment of Options. Franchisor shall be entitled to assign any and all of its options in this Section to any other party, without the consent of Franchisee.

17.15 Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Restaurant and any related Yellow Pages trademark listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 6.8, Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

ARTICLE XVIII MISCELLANEOUS

18.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following address for Franchisor and at the address set forth on the cover page of this Agreement for Franchisee and Controlling Principals unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: American Deli International, Inc.
2716 Northeast Expressway
Atlanta, Georgia 30345
Attention: President
Facsimile: (404) 228-6147
Email:_info@americandeli.com

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

18.2 Entire Agreement. This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Controlling Principals. Notwithstanding the foregoing, nothing in this Agreement, the documents referred to herein or the Attachments hereto is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document provided to Franchisee in connection with this Agreement.

18.3 Amendments. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

18.4 No Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or the Controlling Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or the Controlling Principals, or as to a subsequent breach or default by Franchisee or the Controlling Principals. Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement.

18.5 Approvals or Consents. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing.

18.6 No Warranties. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

18.7 Force Majeure. If a Force Majeure event shall occur, then Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with Article XV. Except as provided in Section 16.2(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of this Agreement to be affected thereby and a plan for resuming operation under this Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

18.8 Mediation. The parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation prior to bringing such claim, controversy or dispute in a court or before any other tribunal. The mediation shall be conducted through either an individual mediator or a mediator appointed by a mediation services organization or body, experienced in the mediation of disputes between Franchisors and Franchisees, agreed upon by the parties and, failing such agreement within a reasonable period of time after either party has notified the other of its desire to seek mediation of any claim, controversy or dispute (not to exceed fifteen (15) days), by the American Arbitration Association in accordance with its rules governing mediation, at Franchisor's corporate headquarters in Riverdale, Georgia. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then the matter shall be submitted to arbitration in accordance with Section 18.9 to resolve such claim, controversy or dispute unless such time period is extended by written agreement of the parties. Notwithstanding the foregoing, Franchisor may bring an action (1) for monies owed, (2) for injunctive or other extraordinary relief, or (3) involving the possession or disposition of, or other relief relating to, real property in a court having jurisdiction and in accordance with Section 18.10, without first submitting such action to mediation or arbitration.

18.9 Arbitration.

(a) Procedure. Except as provided in this Agreement, Franchisor, Franchisee and the Controlling Principals agree that any claim, controversy or dispute arising out of or relating to the franchise, Franchisee's establishment or operation of any Restaurant under this Agreement (and any amendments thereto) including, but not limited to, any claim by Franchisee, or any of the Controlling Principals, or persons claiming on behalf of Franchisee or the Controlling Principals, concerning the entry into, the performance under or the termination of this Agreement, or any other agreement between Franchisor, or its affiliates, and Franchisee, any claim against a past or present officer, director, employee or agent of Franchisor, including those occurring subsequent to the termination of this Agreement, that cannot be amicably settled among the parties or through mediation shall, except as specifically set forth herein and in Section 18.10, be referred to arbitration. The arbitration shall be conducted through an organization or body experienced in the arbitration of disputes between Franchisors and Franchisees designated by Franchisor. If Franchisor fails to designate an organization or body within a reasonable time after the dispute has been referred for arbitration (not to exceed fifteen (15) days), arbitration shall be conducted by the American Arbitration Association in accordance with the rules of the American Arbitration Association, as amended, except that the arbitrator shall apply the federal rules of evidence during the conduct of the hearing sessions with respect to the admissibility of evidence. If such rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. Only claims, controversies or disputes involving Franchisee and the Controlling Principals may be brought hereunder. No claim for or on behalf of any other Franchisee or supplier, or class, representative or association thereof, may be brought by Franchisee or the Controlling Principals hereunder.

(b) Arbitrator. The parties shall agree on an arbitrator within fifteen (15) days of the filing of arbitration. If the parties cannot agree on a single arbitrator, Franchisor and Franchisee (or Controlling Principal, as applicable) shall each select one arbitrator. If the party upon whom the demand for arbitration is served fails to select an arbitrator within fifteen (15) days after the receipt of the demand for arbitration, then the arbitrator so designated by the party requesting arbitration shall act as the sole arbitrator to resolve the controversy at hand. The two arbitrators designated by the parties shall select a third arbitrator. If the two arbitrators designated by the parties fail to select a third arbitrator within fifteen (15) days, the third arbitrator shall be selected by the organization agreed upon or the American Arbitration Association or any successor thereto, upon application by either party. All of the arbitrators shall be experienced in the arbitration of disputes between Franchisors and Franchisees. The arbitration shall take place at Franchisor's corporate offices. The award of the arbitrators shall be final and judgment upon the award rendered in arbitration may be entered in any court having jurisdiction thereof. The costs and expenses of arbitration may be entered in any court having jurisdiction thereof. The arbitrators shall be required to submit written findings of fact and conclusions of law within thirty (30) business days following the final hearing session of the arbitration. The costs and expenses of arbitration, including compensation and expenses of the arbitrators, shall be borne by the parties as the arbitrators determine.

(c) Exceptions. Notwithstanding the above, the following shall not be subject to arbitration:

(i) Disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

(ii) Disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the marks;

(iii) Disputes and controversies relating to actions to obtain possession of the premises of the Restaurant under lease or sublease; and

(iv) Actions by Franchisor for money

(d) Specific performance. If Franchisor shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and Franchisor shall have the right to bring such action as described in Section 18.10.

(e) Limits on arbitrator. In proceeding with arbitration and in making determinations hereunder, the arbitrators shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitrators shall apply Georgia law and the terms of this Agreement in reaching their decision.

18.10 Governing law and venue. With respect to any claims, controversies or disputes that are not finally resolved through mediation or arbitration, or as otherwise provided above, Franchisee and the Controlling Principals hereby irrevocably submit themselves to the jurisdiction of the state courts of DeKalb County, Georgia and the federal district court for the Northern District of Georgia. Franchisee and the Controlling Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee and the Controlling Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Georgia or federal law. Franchisee and the Controlling Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be DeKalb County, Georgia; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or federal district court that has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Georgia law (except for Georgia choice of law rules).

18.11 Mutual benefit. Franchisee, the Controlling Principals and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 18.10 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of Franchisee, the Controlling Principals and Franchisor further acknowledges the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated for in good faith and are part of the benefit of the bargain reflected by this Agreement.

18.12 Performance in Atlanta, Georgia. Franchisee, the Controlling Principals and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Atlanta, Georgia, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Atlanta, Georgia.

18.13 Dispute resolution program. Without limiting any of the foregoing, Franchisor reserves the right, at any time, to create a dispute resolution program and related specifications, standards, procedures and rules for the implementation thereof to be administered by Franchisor or its designees for the benefit of all Franchisees conducting business under the system. The standards, specifications, procedures and rules for such dispute resolution program shall be made part of the manuals and if made part of the manuals, on either a voluntary or mandatory basis, Franchisee shall comply with all such standards, specifications, procedures and rules in seeking resolution of any claims, controversies or disputes with or involving Franchisor or other Franchisees, if applicable under the program. If such dispute resolution program is made mandatory, then Franchisee and Franchisor agree to submit any claims, controversies or disputes arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement for resolution in accordance with such dispute resolution program prior to seeking resolution of such claims, controversies or disputes in the manner described in Sections 18.8 – 18.10 (provided that the provisions of Section 18.10 concerning Franchisor's right to seek relief in a court for certain actions including for injunctive or other extraordinary relief shall not be superseded or affected by this Section) or if such claim, controversy or dispute relates to another Franchisee, Franchisee agrees to participate in the program and submit any such claims, controversies or disputes in accordance with the program's standards, specifications, procedures and rules, prior to seeking resolution of such claim by any other judicial or legally available means.

18.14 WAIVER OF CERTAIN DAMAGES. FRANCHISEE AND THE CONTROLLING PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST FRANCHISOR, ITS AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREES THAT IN THE EVENT OF A DISPUTE, FRANCHISEE AND THE CONTROLLING PRINCIPALS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE,

EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.15 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

18.16 Headings. The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

18.17 Survival. Any obligation of Franchisee or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Controlling Principals therein shall be deemed to survive such termination, expiration or transfer.

18.18 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

18.19 Construction. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

18.20 Remedies. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article XVI shall not discharge or release Franchisee or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

18.21 Franchisee's Principals and Controlling Principals. The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an individual, all officers and directors of Franchisee (including the officers and directors of any entity that controls Franchisee) whom Franchisor designates as Franchisee's Principals and all holders of an ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on the cover page of this Agreement. The term "Controlling Principals" shall include, collectively and individually, any Franchisee's Principal who has been designated by Franchisor as a Controlling Principal hereunder. The initial Controlling Principals shall be listed on the cover page to this Agreement.

18.22 Legal Entities. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of any other entity.

18.23 No Third-Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Article XIV), any rights or remedies under or as a result of this Agreement.

18.24 Delegation by Franchisor. From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether the same are agents or affiliates of Franchisor or Area Representatives or independent contractors with which Franchisor has contracted to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations under this Agreement. Franchisee acknowledges and agrees that this Agreement may not be modified by any Area Representative and that Franchisor will not be bound by any purported modification of this Agreement by any Area Representative. Franchisee acknowledges and agrees that any such delegation of Franchisor's duties and obligations to Area Representatives does not assign or confer any rights under this Agreement upon Area Representatives and that Area Representatives are not third party beneficiaries of this Agreement.

ARTICLE IX ACKNOWLEDGMENTS

19.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

19.2 Review and Understanding. Franchisee acknowledges that it has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

19.3 Receipt of Documents. Franchisee acknowledges that it received a complete copy of this Agreement and all related Attachments and agreements at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled “Disclosure Requirements and Prohibitions Concerning Franchising” at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

(Signatures on Next Page)

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

FRANCHISOR:

AMERICAN DELI INTERNATIONAL, INC.

By: ______________________________

Name: ____________________________

Title: _____________________________

FRANCHISEE:

____

By: ______________________________

Name: ____________________________

Title: _____________________________

Attachment A

CONTROLLING PRINCIPALS GUARANTY AND COVENANT

This Controlling Principals Guaranty and Covenant (this "Guaranty") is given by each of the undersigned (each a "Guarantor") on _______________, 20__ to American Deli International, Inc., a Delaware corporation ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchise Agreement") with ________________________________ ("Franchisee").

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty and the undertakings of the Controlling Principals herein and in the Franchise Agreement are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor acknowledges that Guarantor is included in the term "Controlling Principals" as described in Section 18.21 of the Franchise Agreement.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Franchise Agreement. Additionally, if Guarantor is designated as the Operating Principal, Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the covenants, representations, warranties and agreements of the Operating Principal set forth in the Franchise Agreement.

Guarantor does hereby guaranty to Franchisor the prompt payment and performance when due of any and all liabilities and obligations arising under or evidenced by the Franchise Agreement, any promissory note or other credit instruments, and any other liabilities, obligations and indebtedness of Franchisee and/or any of it assignees or affiliates to Franchisor and/or any of its assignees or affiliates, of every kind and description, now existing or hereafter incurred or arising, matured or unmatured, direct or indirect, absolute or contingent, due or to become due, and any renewals, consolidations and extensions, including any future advances from Franchisor to Franchisee (collectively, the "Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is irrevocable and unlimited. This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Franchisor shall not be required to pursue any remedy on said Guaranteed Obligations as a condition of the obligation hereunder of Guarantor. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Guarantor agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under any agreement between Franchisee and Franchisor.

Guarantor waives any and all notice of the creation, renewal, extension, accrual, modification, amendment, release, or waiver of any of the Guaranteed Obligations and notice of or proof of reliance by Franchisor upon this Guaranty or acceptance of this Guaranty. The Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended, modified or waived, in reliance upon this Guaranty and all dealings between Franchisor and Guarantor shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

No change in the name, objects, share capital, business, membership, directors' powers, organization or management of the Franchisee shall in any way affect Guarantor in respect of the Guaranteed Obligations either with respect to transactions occurring before or after any such change, it being understood that this Guaranty is to extend to the person(s) or entity(ies) for the time being and from time to time carrying on the business now carried on by the Franchisee, notwithstanding any change(s) in the name or shareholders of the Franchisee, and notwithstanding any reorganization or its amalgamation with another or others or the sale or disposal of its business in whole or in part to another or others.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR

____
Printed Name:* __________________________

____
Printed Name: __________________________

* Denotes individual who is Franchisee's Operating Principal

Attachment B

COLLATERAL ASSIGNMENT OF LEASE

This Collateral Assignment of Lease (this "Assignment") is made this ____ day of ___________, 20__ by ___________________ ("Franchisee"), in favor of American Deli International, Inc., a Delaware corporation ("Franchisor").

RECITALS

Franchisor and Franchisee are parties to that certain Franchise Agreement dated ____________, 20__ (the "Franchise Agreement");

Franchisee is a tenant under that certain lease (the "Lease") dated __________, 20__ for space located at ____ (the "Leased Premises") with ____________________________ ("Landlord");

In consideration of Franchisor's consent to operate the Leased Premises under the Franchise Agreement, and as security for Franchisee's obligations under the Franchise Agreement, a collateral assignment is made of Franchisee's interest in, to, and under the Lease; to be exercised, if at all, upon the occurrence of an event of default under, or termination or expiration of, the Franchise Agreement; and

Franchisee is willing to assign its rights, privileges, powers and interests in, to and under the Lease (including all deposits paid by or for the benefit of Franchisee) to Franchisor upon the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee hereby agrees for the benefit of Franchisor as follows:

1. As collateral security for Franchisor, Franchisee hereby assigns all of its rights, powers, privileges and interests in, to and under the Lease to Franchisor, fully intending that Franchisor shall have the rights and powers and be entitled to the benefits thereunder to the same degree and extent as though the Lease had been made between the Landlord and Franchisor, subject, however, to the conditions hereof.

2. This Assignment is executed only as collateral security for Franchisee's obligations under the Franchise Agreement, and the execution and delivery hereof shall not subject Franchisor to or in any way affect or modify the liability of Franchisee under the Lease, and all obligations of Franchisee under the Lease shall be and remain enforceable. Franchisor will not exercise its rights hereunder except upon the occurrence of an event of default under, or termination or expiration of, the Franchise Agreement. Notwithstanding the foregoing, until written notice is sent to Franchisee that an event of default or termination has occurred, Franchisee is granted a license to maintain its rights and the benefits under the Lease.

3. So long as (a) no event of default under the Franchise Agreement exists, (b) the Franchise Agreement remains in effect, and (c) Franchisee is not in default of any of its obligations hereunder or under the Lease, Franchisor agrees not to enforce or seek to enforce any of the rights, powers and privileges transferred to Franchisor pursuant to this Assignment.

4. Franchisee hereby agrees to provide prompt written notice to Franchisor of any default by either party to the Lease. If Franchisor exercises its rights under this Assignment, Franchisee shall continue to be fully liable and responsible for all undischarged obligations or liabilities of Franchisee under the Lease, and Franchisor shall have the right, but not the obligation, to perform each of Franchisee's obligations under the Lease.

5. Franchisee agrees that Franchisor shall not be obligated to perform or discharge any obligation, duty or liability under the Lease by reason of this Assignment, and that this Assignment and Franchisor's performance hereunder or under the Lease shall not release Franchisee from any liability under the Lease.

6. Franchisee represents that, as of the date hereof, Franchisee is not in breach of the Lease. Franchisee agrees not to do, or suffer to be done, any of the following acts without obtaining the prior written consent of Franchisor, which may be granted or withheld in the sole discretion of Franchisor: (a) cancel the Lease; (b) surrender the Lease; (c) assign the Lease or any deposit paid by or for the benefit of Franchisee thereunder or any portion thereof; or (d) fail to perform any obligation in accordance with the provisions of the Lease. Any of said acts, if done or suffered to be done without Franchisor's prior written consent, shall constitute a default hereunder.

7. In the event of any default by Franchisee under the Lease, this Assignment, or the Franchise Agreement, Franchisor shall have the right, but not the obligation, until such default is cured, to cure such default, and take any action, including taking possession of the Leased Premises, to preserve Franchisee's rights under the Lease and Franchisor's rights under this Assignment and the Franchise Agreement, and Franchisee and Landlord have granted to Franchisor the right of access to the Leased Premises for this purpose, if such action is necessary.

8. Franchisee hereby represents and warrants to Franchisor that it has not executed any prior assignment of the Lease nor has it performed any acts or executed any other instrument which might prevent Franchisor from operating under any of the terms and conditions of the Lease or this Assignment, or which would limit Franchisor in such operation. Franchisee further represents and warrants to Franchisor that it will not execute or grant any modification whatsoever of the Lease, either orally or in writing, without Franchisor's prior written consent.

9. Any notice or communication hereunder must be in writing, and must be given as provided in the Franchise Agreement.

10. Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to exercise any or all of Franchisees' rights in, to, or under the Lease from and after the occurrence of an event of default under the Franchise Agreement or the Lease, to execute deeds and other

conveyance documents, to give appropriate receipts, releases, and satisfactions on behalf of Franchisee in connection with Franchisee's performance under the Lease from and after the occurrence of any such event of default, and to do any or all other acts from and after the occurrence of any such event of default, in Franchisee's name or in Franchisor's own name, that Franchisee could do under the Lease with the same force and effect as if this Assignment had not been made. This power of attorney is coupled with an interest. Nothing contained in this Assignment shall limit any rights or remedies of the Franchisor under the Franchise Agreement.

11. All the covenants and agreements hereinabove contained on the part of Franchisee and Franchisor shall inure to the benefit of and bind their successors and assigns, respectively, including any purchaser at a foreclosure sale. Franchisor may assign its rights hereunder without Franchisee's consent.

12. This Assignment shall be governed by and construed in accordance with the laws of the State of Georgia.

13. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Franchisee has caused this Assignment to be executed as of the date first above written.

FRANCHISEE:

____

By: ________________________________
Name: ______________________________
Title: _______________________________

Attachment C

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____ day of ____________, 20__, among American Deli International, Inc., a Delaware corporation ("Franchisor"), ________________________ ("Franchisee") and ______________________ ("Covenantor") in connection with a Franchise Agreement dated ____________, 20__ between Franchisor and Franchisee (the "Franchise Agreement"). Initially capitalized terms used, but not defined in, this Agreement has the meanings ascribed thereto in the Franchise Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of an American Deli.

The System is identified by certain Marks including, the mark "American Deli" and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Franchisee the right to operate an American Deli pursuant to the Franchise Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

A. Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of an American Deli under the Franchise Agreement.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of the Restaurant.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. Covenantor acknowledges that all Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

B. Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchisee's Restaurant to any competitor of the Restaurant.

b. Not to employ, or seek to employ, any person who is at the time or was within the preceding ninety (90) days employed by Franchisor, or any of its affiliates or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement.

*c. Except for the Restaurant described in the Franchise Agreement, not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person or entity, without the prior written consent of Franchisor, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in any legal entity), advise, assist or make loans to, any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant, including a business that offers and sells as a primary menu item any one of more of chicken wings or philly cheese steak sandwiches.

2. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants that for three (3) years following the earlier of the expiration or termination of, or transfer of all of Franchisee's interest in, the Franchise Agreement or the termination of his association with or employment by Franchisee, Covenantor will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Restaurant to any competitor.

b. Employ, or seek to employ, any person who is at the time or was within the preceding ninety (90) days employed by Franchisor, any of its affiliates or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment.

[*]c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person or entity, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in any legal entity), advise, assist or make loans to, any business that is of a character and concept similar to the Restaurant, including a business that offers and sells as a menu item any one or more of chicken wings or philly cheese steak sandwiches, which business is, or is intended to be, located within the Assigned Area or within a twenty-five (25)-mile radius of the location of any Restaurant in existence or under construction as of the date (as applicable) of expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement or the termination of Covenantor's association with or employment by Franchisee.

C. Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

[*] May be deleted if Franchisor does not require Franchisee to obtain the execution of this covenant by Covenantor. See Section 10.3(g) of the Franchise Agreement.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA, WITHOUT REFERENCE TO GEORGIA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF DEKALB COUNTY, GEORGIA AND THE FEDERAL DISTRICT COURTS FOR THE NORTHERN DISTRICT OF GEORGIA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY GEORGIA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE DEKALB COUNTY, GEORGIA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to

the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

American Deli International, Inc.
2716 Northeast Expressway
Atlanta, Georgia 30345Attention: President
Facsimile: (404) 228-6147
Email: info@americandeli.com

If directed to Franchisee, the notice shall be addressed to:

____
____
Attention: ______________________
Facsimile: (___) ________________
Email: _________________________

If directed to Covenantor, the notice shall be addressed to:

____
____
Attention: ______________________
Facsimile: (___) ________________
Email: _________________________

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and national holidays.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

(signatures on next page)

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

AMERICAN DELI INTERNATIONAL, INC.

By: ______________________________
Name: ____________________________
Title: _____________________________

FRANCHISEE:

____

By: ______________________________
Name: ____________________________
Title: _____________________________

COVENANTOR:

____
Name: ____________________________

Attachment D

LEASE ADDENDUM

(1) Rights of Franchisor.

(a) ________________________________ ("Landlord") acknowledges that ______________________ ("Tenant") is a franchisee of AMERICAN DELI INTERNATIONAL INC., a Delaware corporation ("Franchisor"), and that the American Deli restaurant (the "Restaurant") located at ____ ("Premises") is operated under the system developed by Franchisor for establishing and operating American Deli restaurants (the "American Deli System"), pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the American Deli System as Franchisor may prescribe for the Restaurant. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Restaurant.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the lease for the Premises ("Lease") and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to cooperate with Franchisor with respect to any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six (6) month period set forth in Section (d)(1) above or at any time after the assignment contemplated in Section (d)(2), Franchisor shall notify Landlord that the franchise for the Restaurant is being granted to another American Deli franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the American Deli System and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 2716 Northeast Expressway, Atlanta, Georgia 30345, which address may be changed by written notice to Landlord in the manner provided in the Lease.

(2) Tenant's Exclusive. Tenant shall have the exclusive right to operate a deli-style restaurant (the "Exclusive Right") within the land, buildings, Common Areas and improvements commonly known as the [NAME OF SHOPPING CENTER] ("Shopping Center"). During the term of the Lease, no part of the Shopping Center may be leased, sold, used or occupied for the Exclusive Right other than (a) the Premises; or (b) any portion of the Shopping Center leased and/or occupied by another tenant or Shopping Center user of Landlord whose existing lease or right of possession was executed or entered into prior to the date of this Lease and expressly permitted such use or such tenant has the right to change its use without consent of the Landlord.

(3) Tenant's Signs. Tenant may install, maintain and replace the signs ("Tenant's Signs") in the color, size and other specifications set forth in the Signage Criteria attached to this Lease as [Exhibit "__"], subject to the Tenant's compliance with applicable laws and governmental regulations. Tenant may designate the contractor for the fabrication and installation of Tenant's Signs. Landlord will maintain the structural portions of any monument or pylon signage in good condition and will illuminate them daily from dusk to the time Tenant closes it restaurant for the day. Tenant shall have a first priority right to install its sign panels on the Shopping Center pylon sign. After the expiration or earlier termination of the Lease, Tenant may remove all of Tenant's Signs at its cost and Tenant must repair any damage caused by its removal thereof. Tenant shall have the right to place temporary "Now Hiring" and "Grand Opening" banners outside of the Premises.

(4) Parking. Tenant may mark and reserve up to [___] parking spaces in the immediate vicinity of the Premises for the exclusive use of its "take-out" customers.

(5) Landlord's Representations. Landlord represents and warrants to Tenant that, to the best of its knowledge, (a) the Shopping Center complies with all applicable laws, rules and regulations; (b) it is the owner of the real property and improvements in the Shopping Center; (c) it has the full right and authority to enter into the Lease without any subsequent action and the execution of the Lease, and the performance of Landlord's obligations therein, do not violate any agreement binding on Landlord; (d) as of the date of the Lease, there are no restrictions (including pre-existing tenant exclusives) except those disclosed in writing to Tenant prior to the date of the Lease that would prevent Tenant from operating a deli-style restaurant within the Premises. If Landlord breaches any of these representations and warranties then, in addition to any other remedy, Landlord agrees to indemnify, save and hold Tenant harmless from any loss, cost, expense or damage (including reasonable attorney's fees and court costs) that Tenant may incur as a result of such breach by Landlord.

(6) Common Area Maintenance Costs. Common Area Maintenance Costs ("CAM"), if any, shall not include the depreciation of any buildings or equipment, leasing commissions, legal expenses related to the making or enforcement of other leases, mortgages, ground rents or increases thereof, Landlord's executive salaries, the cost of constructing replacing or improving any part of the Shopping Center or the Common Areas or any other cost properly chargeable to the capital account under generally accepted accounting principles. Tenant's pro-rata share of CAM, tax and insurance costs will be based on the total leasable square footage of the Shopping Center, whether

or not leased. In no event shall CAM increase by more than five (5%) percent in any year over the prior Lease Year. If Tenant is paying CAM monthly based upon anticipated actual costs such monthly payments shall be based upon the prior year's actual costs with reasonable increases for anticipated costs. Such estimated monthly costs shall be compared to the actual costs for any applicable Lease Year and appropriate remittance for any underpayment or refund for overpayment shall be made within fifteen (15) days after calculation, as the case may be.

Tenant shall have the right to audit and inspect Landlord's books and records with respect to CAM upon thirty (30) days prior written notice. Such audit and inspection shall be made at Landlord's offices and Landlord shall make such books and records and any reasonably appropriate supporting documentation available for Tenant's review. In the event that Tenant's audit or inspection shall reveal an error in the calculation of CAM, then adjustment shall be made by appropriate payment or refund within fifteen (15) days after such audit or inspection results shall be delivered to Landlord. Landlord agrees to credit to Tenant's obligation to pay rent under the Lease to Tenant, upon written notice with supporting documentation, the reasonable cost of its audit or inspection if an error was discovered as a consequence requiring adjustment, as herein provided.

(7) Leasing Restriction. No part of the Shopping Center shall be leased, sold or used for a restaurant (other than the Premises) or [____________].

(8) Landlord Agreements. Landlord, on behalf of itself and its successors and assigns, covenants and agrees that:

(a) Landlord and its employees, agents or contractors shall not engage in any action that would materially (i) obstruct the visibility of the Premises or Tenant's Signs; (ii) reduce the number of parking spaces available to Tenant's customers in the immediate vicinity of the Premises as shown on the site plan which is attached as [Exhibit "__"] to this Lease; or (iii) restrict or prohibit access to the Premises.

(b) Regardless of any designated Shopping Center business hours, only Franchisor shall have the right to diminish or extend Tenant's business hours, which are initially Sunday through Thursday, [____] AM to [____] PM and Friday and Saturday, [____] AM to [____] PM. Tenant may close on national holidays or other observed holidays applicable to the location.

(c) Landlord shall, at all times, maintain a policy of commercial general liability insurance in an amount of not less than [__________ Dollars ($______)] together with an "all risks" policy of casualty insurance covering the Shopping Center for not less than the full replacement cost thereof, and all such policies shall be underwritten with companies having at least an "A-" rating in Best's Insurance Guide.

(d) Landlord shall not add or diminish the area of the Shopping Center or the Common Areas thereof if such action would increase the Tenant's obligations under the Lease or diminish its rights thereunder.

(e) Landlord shall assist Tenant in order to facilitate Tenant's securing of all necessary permits and governmental approvals for the operation of its business at the Premises, including any signage permitted under this Lease and this Addendum.

(9) Tenant Financing. Tenant may grant a mortgage or other security interest in all or part of the Tenant's property ("Tenant Property") located within the Premises (including Tenant's trade fixtures). Landlord agrees that any lien that it may have against Tenant's Property (whether by statute or under the terms of the Lease or otherwise) will be subject and subordinate to the security interest of Tenant's lender. Landlord shall execute and deliver to Tenant any commercially reasonably subordination documents requested by Tenant's lenders within ten (10) days after Landlord receives the documents.

(10) Landlord's Financing. Landlord shall obtain and deliver to Tenant within thirty (30) days after the date of the Lease a commercially reasonable agreement ("Non-Disturbance Agreement") with the holder of any existing mortgage, deed of trust, ground lease or other security interest (any one or more, an "Encumbrance") affecting the Shopping Center containing the following provisions (the "Non-Disturbance Provisions"): (i) the Lease and Tenant's rights under the Lease shall not be disturbed by any foreclosure or termination action so long as Tenant is not in default under the Lease beyond all applicable notice and opportunity to cure periods; (ii) Tenant will not be joined in any foreclosure or termination actions related to the Encumbrance; (iii) the Lease will automatically become a direct lease between any successor to Landlord's interest, as landlord, and Tenant. In addition, the Lease will not become subordinate to any subsequent Encumbrance affecting the Shopping Center unless and until Landlord obtains from the holder of the Encumbrance an agreement containing such Non-Disturbance Provisions.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

AMERICAN DELI INTERNATIONAL INC.,
a Delaware corporation

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

TENANT:

____

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

LANDLORD:

____

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

EXHIBIT C
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO AMERICAN DELI INTERNATIONAL, INC. ("Payee")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks and electronic debits (collectively, "debits") drawn on such account that are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising if any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action that might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: ____
Name of Depositor: ____
Designated Bank Acct.: ____
(Please attach one voided check for the above account.)
Location: ____
For Depository information call: ____________________________________
Address: ____
Phone #: ____
Fax #: ____

Name of Franchisee/Depositor:______________________________

By:____________________________ Date:______________
Name:__________________________
Title:__________________________

EXHIBIT D
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

IRREVOCABLE POWER OF ATTORNEY (TELECOMMUNICATIONS)

IRREVOCABLE POWER OF ATTORNEY (TELECOMMUNICATIONS)

KNOW ALL MEN BY THESE PRESENTS, that ________________________________ ("Franchisee") does hereby irrevocably constitute and appoint American Deli International, Inc. a Delaware corporation ("Franchisor"), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee's right, title and interest in and to any and all telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other business listings and all Internet listings, domain names, Internet accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchisee's franchise, including but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service or Internet company providing telephone or Internet services to Franchisee, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement by and between Franchisor and Franchisee. Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. It is executed and delivered in the State of Georgia and the laws of the State of Georgia shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the ______ day of ____________________, 20____.

FRANCHISEE:

____

By: ____
Name: ______________________________________
Title: _______________________________________

STATE OF ______________§
§
COUNTY OF ____________§

BEFORE ME, the undersigned authority, on this day personally appeared _ , of known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of ___________________, 20____.

(SEAL)

____
Notary Public in and for the State of _______

My Commission Expires:

EXHIBIT E
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is executed and delivered as of ___________________, 20__ (the "Effective Date"), by and between **AMERICAN DELI INTERNATIONAL, INC.**, a Delaware corporation (the "Seller"), and [___________________________], a [_____________________________] (the "Purchaser") (each, a "Party" and collectively, the "Parties").

W I T N E S S E T H:

WHEREAS, the Seller is in the business of franchising quick service restaurants ("Restaurants") that feature chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, beverage items and promotional items under certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "American Deli" (the "Marks");

WHEREAS, the Seller owns a Restaurant located at the location specified in Schedule I attached hereto (the "Business");

WHEREAS, the Seller leases the premises and improvements at the site of the Restaurant (the "Premises") under a lease (the "Lease") with the landlord (the "Landlord") specified in Schedule II attached hereto;

WHEREAS, the Seller desires to sell, assign, transfer, convey and deliver to the Purchaser, and the Purchaser desires to purchase, assume and accept from the Seller all of the Seller's right, title, and interest in and to the assets of the Seller relating to the Business on the terms and subject to the condition set forth in this Agreement;

WHEREAS, the Seller desires to sublease the Premises to the Purchaser and the Purchaser desires to sublease the Premises from the Seller; and

WHEREAS, the Purchaser desires to operate the Business under that certain Franchise Agreement, dated as of the date hereof (the "Franchise Agreement"), by and between the Seller and the Purchaser, in its capacity as the franchisor (in such capacity, the "Franchisor"), which Franchise Agreement is incorporated into this Agreement by reference.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Sale and Purchase.**

(a) On the terms and subject to the conditions set forth in this Agreement, the Seller hereby sells, transfers, assigns and conveys to the Purchaser, and the Purchaser hereby purchases and accepts, all of Seller's right, title and interest in and to (i) all signs, machinery, furniture, fixtures, equipment and other tangible assets of the Business, (ii) all useable stock-in-trade, retail inventory and supplies located on the Premises, (iii) all service agreements for the Business, (iv) all licenses and permits maintained by the Seller for the operation of the Business, to the extent that they are transferrable, and (v) all telephone numbers and fax numbers for the Business (collectively, the "Purchased Assets").

(b) The Purchaser shall assume all liabilities related to or arising from the Business and Purchased Assets arising after the Closing Date ("Assumed Liabilities"); provided, however, that the Purchaser shall not assume any liabilities with respect to the Business or the Purchased Assets related to or arising from any activity or event occurring prior to the Closing Date.

2. **Purchase Price**.

(a) The aggregate purchase price (the "Purchase Price") to be paid by the Purchaser to Seller for the Purchased Assets shall be [________________________], payable by certified or cashier's check or by wire transfer of immediately available federal funds to an account designated in writing by Seller upon the delivery to the Purchaser of the Purchased Assets.

(b) The Purchase Price shall be allocated among the Purchased Assets by the Seller and the Purchaser in accordance with Paragraph 1060 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (or comparable provisions of state or local tax law) or any successor provision. The Purchaser and the Seller shall report and file all tax returns consistent with such allocation and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any taxing authority or any other proceedings). The Purchaser and Seller shall file or cause to be filed any and all forms (including U.S. Internal Revenue Service Form 8594), statements and schedules in a manner consistent with such allocation, including any required amendments to such forms, and will not take any position inconsistent therewith.

3. **Franchise Agreement and Sublease**. On the Closing Date, (a) the Purchaser and the Franchisor shall execute a Franchise Agreement substantially in the form attached hereto as Exhibit A, and (b) the Purchaser and the Seller shall execute a sublease for the Premises in form and substance reasonably satisfactory to the Seller (the "Sublease"). The Purchaser and the Seller agree that the Seller's obligation to sublease the Premises to the Purchaser shall be subject to the Purchaser and the Seller obtaining all consents required by the Lease. The Purchaser and the Seller shall cooperate, in good faith and using commercially reasonable efforts, to obtain the consent required by the Lease. The Purchaser shall provide to the Landlord such financial statements and other information concerning the Purchaser as the Landlord may reasonably require to determine whether to grant or withhold the Landlord's consent to the Sublease. All information provided by the Purchaser shall be complete and correct in all respects. The Purchaser shall pay all costs and

fees, if any, that the Landlord may charge in connection with the Landlord's determination to grant or withhold the Landlord's consent to the Sublease.

4. **Closing**.

(a) Subject to the delivery of the documents set forth in Sections 3(b) and 3(c), the closing of the purchase and sale of the Purchased Assets hereunder (the "Closing") shall occur simultaneous with the execution of this Agreement. The date on which the Closing occurs is referred to herein as the "Closing Date".

(b) At the Closing, the Seller shall deliver or cause to be delivered the following:

(i) an Assignment and Bill of Sale, dated as of the date hereof, substantially in the form attached hereto as Exhibit B;

(ii) a counterpart of the Franchise Agreement duly executed by the Seller; and

(iii) a counterpart of the Sublease duly executed by the Seller.

(c) At the Closing, the Purchaser shall deliver or cause to be delivered the following:

(i) the Purchase Price;

(ii) all other payments as are necessary to comply with the terms of this Agreement and the Franchise Agreement, including, without limitation, the initial franchise fee in an amount equal to $10,000;

(iii) a counterpart of the Franchise Agreement duly executed by the Purchaser;

(iv) a counterpart of the Sublease duly executed by the Purchaser;

(v) all instruments and documents required to be delivered under the Franchise Agreement, each in form and substance reasonably satisfactory to the Franchisor; and

(vi) such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to the Seller, as may be reasonably required to give effect to this Agreement and the transactions contemplated hereby.

5. **Representations and Warranties of the Seller**. The Seller hereby represents and warrants to the Purchaser as follows:

(a) Organization. The Seller is duly incorporated, validly existing and in good standing under the laws of the State of _______________ and has all requisite power and authority, corporate or otherwise, to carry on and conduct its business as it is now being conducted and to own or lease its properties and assets.

(b) Authority. The Seller has the requisite power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate and other action on the part of Seller and when executed and delivered by Seller, this Agreement will constitute a valid and legally binding obligation of Seller enforceable against it in accordance with its terms.

(c) No Violation. The execution, delivery and performance of this Agreement by Seller and the consummation of the transactions contemplated hereby do not and will not, with or without the giving of notice, the lapse of time or both, (i) conflict with or result in any breach of, (ii) constitute a default under, (iii) result in a violation of, or (iv) give any third party the right to accelerate any obligation under the provisions of Seller's organizational documents or any material agreement or instrument to which Seller is bound or affected, or any law, statute, rule, regulation, judgment or decree to which Seller or its properties is subject, except as would not have a material adverse effect on the Seller.

(d) Required Consents and Approvals. No consent or approval is required by virtue of the execution hereof by Seller or the consummation of any of the transactions contemplated herein by Seller to avoid the violation or breach of, or the default under, or the creation of a lien on any of the Purchased Assets pursuant to the terms of, any regulation, order, decree or award of any court or governmental agency or any lease, agreement, contract, mortgage, note, license, or any other instrument to which Seller is a party or to which it or any of its property or assets is subject, other than the consent of the Landlord if the same is required by the Lease and except as would not have a material adverse effect on Seller.

(e) Title to Property. Seller has good and marketable title to, and is in possession of, the Purchased Assets free and clear of all security interests, including any conditional sale or other title retention agreements, liens, encumbrances, mortgages, pledges, assessments, easements, covenants, restrictions, reservations, defects in title, encroachments and other burdens.

(f) Litigation. There are no all litigation, claims, suits, actions, investigations, indictments or information, proceedings or arbitrations, grievances or other procedures pending, or to the knowledge of Seller, threatened, before any court, commission, arbitration tribunal, or judicial, governmental or administrative body, involving or otherwise related to the Purchased Assets or the Business.

(a) Brokers and Finders. Neither Seller nor any of its respective officers, directors, agents, employees, or affiliates has employed any broker, agent, or finder or incurred any liability for any brokerage fees, agents' commissions, or finders' fees in connection with the transactions contemplated by this Agreement.

6. **Representations and Warranties of the Purchaser**. The Purchaser hereby represents and warrants to the Seller as follows:

(a) Organization. The Purchaser is duly incorporated, validly existing and in good standing under the laws of the ____________________ and has all requisite power and authority, corporate or otherwise, to carry on and conduct its business as it is now being conducted and to own or lease its properties and assets. The Purchaser is duly qualified to do business and is in good standing in all states in which the nature of its businesses or the character of its properties require it to be so qualified.

(b) Authority. The Purchaser has the requisite power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate and other action on the part of the Purchaser and when executed and delivered by the Purchaser, this Agreement will constitute a valid and legally binding obligation of the Purchaser enforceable against it in accordance with its terms.

(c) No Violation. The execution, delivery and performance of this Agreement by the Purchaser and the consummation of the transactions contemplated hereby do not and will not, with or without the giving of notice, the lapse of time or both, (a) conflict with or result in any breach of, (b) constitute a default under, (c) result in a violation of, or (d) give any third party the right to accelerate any obligation under the provisions of the Purchaser's organizational documents or any indenture, mortgage, lease, loan agreement or other agreement or instrument to which the Purchaser is bound or affected, or any law, statute, rule, regulation, judgment or decree to which the Purchaser or its properties is subject.

(d) Required Consents and Approvals. No consent or approval is required by virtue of the execution hereof by the Purchaser or the consummation of any of the transactions contemplated herein by the Purchaser to avoid the violation or breach of, or the default under, or the creation of a lien on any of the Purchased Assets pursuant to the terms of, any regulation, order, decree or award of any court or governmental agency or any lease, agreement, contract, mortgage, note, license, or any other instrument to which the Purchaser is a party or to which it or any of its property or assets is subject, other than the consent of the Landlord if the same is required by the Lease.

(e) Brokers and Finders. Neither the Purchaser nor any of its respective officers, directors, agents, employees, or affiliates has employed any broker, agent, or finder or incurred any liability for any brokerage fees, agents' commissions, or finders' fees in connection with the transactions contemplated by this Agreement.

7. **Acknowledgments and Covenants**.

(a) The Purchaser understands that the transaction contemplated in this Agreement does not include the sale, by the Seller to the Purchaser, of the right to use the Marks or any other intangible rights granted under the Franchise Agreement, but that the Franchise Agreement governs the use of the Marks by the Purchaser, it being specifically understood and agreed that all intangibles being conveyed hereunder are subject to the rights of the Franchisor under the Franchise Agreement.

(b) Notwithstanding anything contained in this Agreement to the contrary, the Purchaser acknowledges and agrees that Seller is not making any representations or warranties whatsoever, express or implied, except as expressly set forth herein and the Purchaser acknowledges and agrees that, the Purchased Assets and the Business are being transferred on a "where is" and, as to condition, "as is" basis. The Seller (i) expressly disclaims any representation or warranty, expressed or implied, at common law, by statute, or otherwise, relating to the condition of the Purchased Assets (including any implied or expressed warranty of merchantability or fitness for a particular purpose, or of conformity to models or samples of materials) and (ii) hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to the Purchaser or its representatives (including any opinion, information, projection, or advice that may have been or may be provided to the Purchaser by any director, officer, employee, agent, consultant, or representative of Seller). The Seller makes no representation or warranty to the Purchaser regarding the probable success, profitability or operating costs of the Business or any Restaurant, the amount of money the Purchaser may earn in operating the Business or any Restaurant, the total amount of revenue the Business or any Restaurant will or may generate, or the costs the Purchaser will or may incur in operating the Business or any Restaurant.

(c) The Purchaser acknowledges that it has inspected the Premises and the Purchased Assets and, in entering into this Agreement, relies solely on its own investigation, knowledge and information. The Seller, prior to the execution of this Agreement, has provided the Purchaser with such information as the Purchaser deemed necessary with respect to the operation of the Business.

(d) The Purchaser waives compliance by Seller with all applicable provisions, if any, of the bulk transfer laws of any jurisdiction.

(e) The Purchaser acknowledges that the Seller may modify the terms of its offer for the sale of a Restaurant to other buyers in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. The Purchaser further acknowledges and agrees that the Seller has made no warranty or representation that all Asset Purchase Agreements previously issued or issued after this Agreement by the Seller do or will contain terms substantially similar to those contained in this Agreement. The Seller may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Asset Purchase Agreements previously executed or executed after the date of this Agreement with other buyers of Restaurants in a non-uniform manner.

(f) The Purchaser has been represented by independent legal counsel of the Purchaser's choice in connection with the review of the terms and consequences of this Agreement.

(a) All sales, transfer, use and similar taxes and recording and similar fees incurred in connection with the sale, conveyance or transfer of the Assets to the Purchaser, to the extent required by the respective governmental authorities, shall be paid in full by the Purchaser.

8. **Further Assurances**. Each Party hereto shall from time to time and at all times hereafter, upon the request of the other Party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to carry out the intent of this Agreement.

9. **Notices**. All notices and communications required or permitted to be given hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended or delivered by registered or certified mail, return receipt requested, or if sent by facsimile or email, the facsimile or email is promptly confirmed by telephone confirmation thereof, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

To the Seller: American Deli International, Inc.
2716 Northeast Expressway
Atlanta, Georgia 30345 Facsimile: (404) 228-6147
Email: info@americandeli.com
Attn:

To the Purchaser:

10. **Headings**. The headings set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and provisions hereof.

11. **Amendment; Waiver**. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Purchaser and the Seller, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

12. **Construction**. If a conflict exists between the text of this Agreement and any Schedule or Exhibit, the terms of this Agreement shall prevail. The Parties hereto acknowledge that each was actively involved in the negotiation and drafting of this Agreement and that no law or rule of construction shall be raised or used in which the provisions of this Agreement shall be construed in favor or against any Party hereto because one is deemed to be the author thereof.

13. **<u>Governing Law</u>**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, without giving effect to its principles of conflicts of laws.

14. **<u>Counterparts</u>**. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

15. **<u>Entire Agreement</u>**. This Agreement contains the entire agreement of the Parties with regard to the matters set forth herein.

16. **<u>Severability</u>**. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, each of the Parties hereto has duly executed this Asset Purchase Agreement as of the Effective Date.

<u>SELLER</u>:

AMERICAN DELI INTERNATIONAL, INC.

By:___________________________________
Name:
Title:

<u>PURCHASER</u>:

[__________________________________]

By:___________________________________
Name:
Title:

SCHEDULE I

[ADDRESS OF THE BUSINESS]

SCHEDULE II

[PREMISES; LEASE; LANDLORD]

SCHEDULE A

Form of Franchise Agreement

EXHIBIT B

Form of Assignment and Bill of Sale

THIS ASSIGNMENT AND BILL OF SALE, dated as of _______________, 20__, is made, executed and delivered pursuant to the Asset Purchase Agreement (the "Agreement"), dated as of ______________, 20__, by and among INTERNATIONAL DELI INTERNATIONAL, INC., a Delaware corporation ("Seller"), and [_____________________], a [_________________] ("Purchaser"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, pursuant to the Agreement, Purchaser has agreed to, among other things, purchase the Purchased Assets from Seller, and Seller has agreed to sell the Purchased Assets to Purchaser, upon the terms and conditions specified in the Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, Purchaser and Seller hereby agree as follows:

1. Transfer of Assets. Seller, in consideration of the Purchase Price, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby transfer to Purchaser forever, and Purchaser hereby purchases and acquires from Seller, all of Seller's right, title and interest, in, to and under all of the Purchased Assets, free and clear of any liens, and subject to the terms, conditions and limitations of the Agreement.

2. Representations and Warranties. The transfer and assignment set forth herein is made by Seller without any express or implied representation or warranty of any kind, except as expressly set forth in and subject to the limitations described in the Agreement.

3. Conflicts with Agreement. To the extent there is a conflict between the terms and provisions of this Assignment and Bill of Sale and the Agreement, the terms and provisions of the Agreement will govern.

4. Severability. If any provision of this Assignment and Bill of Sale or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

5. Governing Law. This Assignment and Bill of Sale shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to its principles of conflicts of laws.

6. Counterparts. This Assignment and Bill of Sale may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Purchaser and Seller have caused this Assignment and Bill of Sale to be duly executed by their respective authorized representatives as of the day and year first above written.

AMERICAN DELI INTERNATIONAL, INC.

By:___________________________________
Name:_________________________________
Title:_________________________________

[____________________________]

By:___________________________________
Name:_________________________________
Title:_________________________________

EXHIBIT F
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE MANUAL TABLE OF CONTENTS

Franchise Manual Table of Contents

EXHIBIT G
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

AMERICAN DELI INTERNATIONAL INC.

DEVELOPMENT AGREEMENT

____

DEVELOPER

____

DATE OF AGREEMENT

AMERICAN DELI
DEVELOPMENT AGREEMENT

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ATTACHMENTS

AMERICAN DELI INTERNATIONAL INC.
DEVELOPMENT AGREEMENT

This Development Agreement (the "Agreement") is made and entered into this day of ______, 20 __, by and between AMERICAN DELI INTERENATIONAL, Inc., A Delaware corporation ("Franchisor") and ___________________________________whose principal address is ___ ____("Developer") and shall be effective as of the date on which Franchisor executes this Agreement ("Effective Date"). Certain initially capitalized terms used frequently in this Agreement are defined in Section 14.

Recitals:

Franchisor has the right to use and license the use of a business system (the "System", as further defined below) for the establishment and operation of quick service restaurants that feature chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, salads, beverage items and promotional items (each a "Restaurant" or "American Deli Restaurant") under the Marks (defined below).

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special recipes and menu items; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time.

American Deli Restaurants operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "Marks," as further defined below).

Franchisor licenses franchisees to use the Marks and the System to establish and operate American Deli Restaurants under Franchise Agreements with Franchisor.

Developer wishes to obtain certain development rights hereunder and to establish and operate multiple American Deli Restaurants under Franchise Agreements with Franchisor in the Territory described in this Development Agreement;

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. GRANT

1.1 Grant of Rights

Franchisor hereby grants to Developer, and Developer hereby accepts, the right and obligation to develop Restaurants within the Territory, in accordance with the terms and conditions set forth in this Agreement. The development rights shall be exercised following satisfaction of the conditions set forth in Section 3.1 hereof and as provided in the Development Schedule.

1.2 Scope of Developer's Rights

Developer acknowledges and agrees that the rights granted hereunder pertain only to the development of Restaurants and that this Agreement does not confer upon Developer a right or franchise to establish or operate any Restaurant. This Agreement is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain Franchise Agreements for the establishment and operation of Restaurants within the Territory. This Agreement is not a franchise agreement and does not grant to Developer any right or license to operate a Restaurant or distribute goods or services, or any right to use or interest in the Marks. Developer further acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has granted such rights in reliance on the representations and warranties of Developer and its Principals. Developer and its Principals have represented to Franchisor that they have entered this Agreement for the purpose and with the intention to fully comply with the Restaurant development obligations hereunder.

1.3 Retained Rights

Subject to Developer's full compliance with this Agreement and the full compliance by Developer and its affiliates with any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates, neither Franchisor nor any affiliate shall establish, or authorize any person or entity other than Developer or any of its affiliates to establish, an American Deli Restaurant in the Territory during the term of this Agreement. Developer expressly agrees that Franchisor and its affiliates retain all other rights, including, without limitation, the right (i) to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to Developer, (ii) to advertise and promote the System in the Territory, (iii) to operate, and license others to operate, American Deli Restaurants under the Marks and the System at any location outside the Territory and in any Reserved Area within the Territory, and (iv) except for the restriction set forth in this Section 1.3 against the establishment of another American Deli Restaurant in the Territory during the term hereof, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all food, beverages, or other services and products, under the Marks, or under other names or marks, within and outside the Territory, through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, carts or kiosks (which facilities may provide, in whole or in part, the products and services offered by an American Deli Restaurant) regardless of the proximity to, or the competitive impact on, Developer's operations in the Territory.

Reserved Areas is defined as food and beverage services under the Marks at or through any other distribution system or food service facility (other than a traditional Restaurant) such as gas stations, convenience stores, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations; and, (iii) any products or food and beverage services under any other names and marks.

2. FEES

2.1 Development Fee

Upon the execution of this Agreement, Developer shall pay to Franchisor a development fee of Ten Thousand Dollars ($10,000). The development fee shall be deemed fully earned and nonrefundable by Franchisor for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein.

2.2 Initial Franchise Fee, Royalty Reduction.

(1) Upon the execution of each Franchise Agreement entered into pursuant to this Development Agreement, Developer shall pay to Franchisor an initial franchise fee of $10,000 per location for the first two (2) locations. Thereafter, the Initial Franchise Fee shall be waived so long as Developer is in good standing under this Development Agreement and has strictly met the Development Schedule without delay.

(2) <u>One Time Incentive</u>. Franchisor shall grant a one time incentive (“One Time Incentive”) equal to $30,000, either in cash or kitchen equipment, at Franchisor’s option upon the execution of the third (3rd) franchise agreement signed under this Agreement. To be considered for the One Time Incentive, Developer must be in good standing under this Development Agreement and each applicable Franchise Agreement and have strictly met the Development Schedule without delay.

(3) <u>Royalty Reduction</u>. Franchise shall grant a 1% reduction of the royalties due for each Restaurant *developed* by Developer pursuant to this Agreement, so long as the Developer is in good standing under this Agreement and each applicable Franchise Agreement and is strictly compliant with the Development Schedule, without delay. This Royalty Reduction is personal to the Developer and shall not apply to any Restaurant sold, transferred or assigned by Developer to another person or entity. Further, this Royalty Reduction does not apply to any Restaurant purchased, transferred to or assigned to Developer.

2.3 Past Due Amounts; Acceptance and Application of Payments

(1) Any payment not actually received by Franchisor on or before the due date shall be deemed overdue. Time is of the essence for all payments to be made by Developer to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted,

any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment.

(2) Acceptance by Franchisor of any payments due subsequent to the due date shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer or the Principals of any terms, provisions, covenants or conditions of this Agreement.

(3) Franchisor shall have the right to apply any payment it receives from Developer to any amounts Developer owes Franchisor or its affiliates under this Agreement or any other agreement between them, even if Developer has designated the payment for another purpose or account. Franchisor may accept any check or payment in any amount from Developer without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction

(4) Developer shall have no right to withhold any payments due Franchisor on account of Franchisor's breach or alleged breach of this Agreement, and no right to offset any amount due Franchisor against any obligation that Franchisor may owe to Developer.

3. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 Franchise Agreement Execution; Compliance with Conditions

(1) Developer shall exercise the development rights granted hereunder only by entering into (or, with Franchisor's written consent, causing a majority-owned subsidiary of Developer to enter into) a separate Franchise Agreement with Franchisor for each Restaurant for which a development right is granted. The Franchise Agreement for the first Restaurant to be developed by Developer or its affiliate under this Agreement shall be in the form of the Franchise Agreement attached as Attachment C and shall be executed within ninety (90) days of this Agreement. All subsequent Restaurants developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for new franchisees of Restaurants under the System, except that the initial franchise fee shall be determined as provided in Section 2.2 above, and the royalty and advertising expenditure percentages will be the same as those set forth in the Franchise Agreement attached as Attachment C to this Agreement. These franchise agreements shall also be included in the term "Franchise Agreement" as used in this Agreement and shall be executed by Developer or its affiliate in accordance with this Section 3.

(2) Prior to exercising any development right granted hereunder, Developer shall apply to Franchisor for a franchise to operate a Restaurant within the Territory. If Franchisor, in its sole discretion, determines that Developer has met each of the following operational, financial, and legal conditions, then Franchisor will grant Developer a franchise for a Restaurant in the Territory:

(a) Operational Conditions: Developer is in compliance with the Development Schedule and this Agreement and Developer or its affiliates are in compliance with any other agreement between them and Franchisor or its affiliates. Developer is conducting the operation of its existing Restaurants, if any, and is capable of conducting the operation of the proposed Restaurant in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: Developer and the Principals satisfy Franchisor's then-current financial criteria for developers and principals of American Deli Restaurants. Developer and the Principals have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. Developer is not in default, and has not been in default during the twelve (12) months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or its affiliates under any Franchise Agreement or other agreement between Developer or its affiliates and Franchisor or its affiliates. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees be financially sound to avoid failure of a Restaurant and that such failure would adversely affect the reputation and good name of Franchisor and the System.

(c) Legal Conditions: Developer has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to Franchisor by this Agreement or by any Franchise Agreement.

3.2 Development Schedule

Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to Section 3.1 and the Development Schedule set forth below and in Section 3.3. Developer may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Restaurants which Developer is required to develop during any Development Period. Any Restaurants in excess of the minimum number of Restaurants required to be developed shall be applied to satisfy Developer's development obligation during the next succeeding Development Period, if any. Notwithstanding the above, Developer shall not open or operate more than the cumulative total number of Restaurants Developer is obligated to develop under the Development Schedule.

Development Period	**Expiration Date of Development Period**	**Cumulative Total Number of Restaurants Located in the Territory Which Developer Shall Have Open and in Operation by End of Development Period**
1	One-year anniversary of the	3
2	Two-year anniversary of the	6

3	Three-year anniversary of the	9
[INSERT ADDITIONAL LINES AS NEEDED]		

(1) If during the term of this Agreement, Developer ceases to operate any Restaurant developed under this Agreement for any reason, Developer shall develop a replacement Restaurant. The replacement Restaurant shall be developed within a reasonable time (not to exceed two hundred ten (210) days) after Developer ceases to operate the original Restaurant. If, during the term of this Agreement, Developer transfers its interest in a Restaurant in accordance with the terms of the applicable Franchise Agreement for the Restaurant, the transferred Restaurant shall continue to be counted in determining whether Developer has complied with the Development Schedule so long as it continues to be operated as an American Deli Restaurant. If the transferred Restaurant ceases to be operated as an American Deli Restaurant during the term of this Agreement, Developer shall develop a replacement Restaurant within a reasonable time (not to exceed two hundred ten (210) days) thereafter.

(2) Failure by Developer to adhere to the Development Schedule (including any extensions thereof approved by Franchisor in writing) or to any time period for the development of replacement Restaurants shall constitute a material breach of this Agreement.

3.3 Projected Opening Dates

Developer acknowledges that the Projected Opening Date for each Restaurant to be developed hereunder is reasonable. Subject to Developer's compliance with Section 3.1 hereof, Developer shall execute a Franchise Agreement for each Restaurant at or prior to the applicable execution date set forth below, which shall be a date no later than ninety (90) days prior to the Projected Opening Date for the applicable Restaurant.

Restaurant	Projected Opening Date	Date by which Franchise Agreement
1		
2		
3		
4		
5		
6		
7		
8		
9		
[INSERT ADDITIONAL LINES AS NEEDED]		

4. TERM

The term of this Agreement will begin on the Effective Date and, unless sooner terminated, will expire on the earlier of: (i) the date Developer has completed its development obligations under this Agreement, (ii) 12:00 midnight on the last day specified in the Development Schedule, or (iii) midnight on the 361st day after the date of this Agreement.

5. DUTIES OF FRANCHISOR

Franchisor agrees to provide the services described below:

5.1 Site Selection Guidelines and Assistance

To assist Developer in its selection of sites for its American Deli Restaurants, Franchisor will provide to Developer:

(1) Franchisor's written site selection guidelines and such site selection assistance as
Franchisor deems advisable.

(2) Such on-site evaluation as Franchisor may deem necessary on its own initiative or in response to Developer's reasonable request for site selection assistance; provided, that Franchisor shall not provide an on-site evaluation for any proposed site prior to receiving all required information and materials prepared and submitted pursuant to Section 6.7, below and, in Franchisor's discretion, prior to receiving such information for multiple proposed sites. Franchisor will provide up to two (2) on-site evaluations for the first (1st) American Deli Restaurant developed pursuant to this Agreement at no additional charge to Developer, except that Franchisor may require Developer to pay or reimburse Franchisor for the reasonable expenses incurred by Franchisor in conducting such on-site evaluation(s), including, without limitation, the cost of

travel, lodging, meals and wages. If more than two (2) on-site evaluations are deemed appropriate by Franchisor, or are requested by Developer, for selecting a site for the first (1st) American Deli Restaurant to be developed under this Agreement, then Franchisor may require Developer to pay Franchisor a reasonable fee for performing each such additional site evaluation and to pay or reimburse Franchisor for the amount of the reasonable expenses incurred by Franchisor in conducting such on-site evaluation. Franchisor may require Developer to pay Franchisor a reasonable fee for any on-site evaluation and to pay or reimburse Franchisor's reasonable expenses incurred in conducting any on-site evaluation with respect to Developer's second (2nd) and subsequent American Deli Restaurants.

5.2 Training

Training of Developer's Principal Owner and any District Manager in accordance with Section 6.6 of this Agreement. With Franchisor's prior written consent and subject to its then-current certification procedures, Franchisor may authorize Developer to implement a training program for the employees of the Restaurants developed pursuant to this Agreement in accordance with Franchisor's then-current standards.

5.3 Manuals

Franchisor will provide Developer with access to one (1) set of Manuals for each Restaurant to be developed hereunder.

6. DEVELOPER'S OBLIGATIONS

6.1 Continuing Obligations

Developer and its Principals make the following representations, warranties and covenants and accept the following obligations. Such representations, warranties and covenants are continuing obligations, and Developer and its Principals acknowledge and agree that any failure to comply with them shall constitute a material event of default under this Agreement. Developer will cooperate with Franchisor to verify compliance with the following representations, warranties and covenants.

6.2 Organization

If Developer is a corporation, partnership, limited liability company or other legal entity:

(1) Developer is duly organized and validly existing under the law of the state of its formation;

(2) Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) Developer's corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of Developer are confined

exclusively to the development and operation of American Deli Restaurants;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Developer's corporate power, if Developer is a corporation, or if Developer is a partnership or a limited liability company, are permitted under Developer's written partnership or limited liability company agreement and have been duly authorized by Developer; and

(5) If Developer is a corporation, copies of Developer's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall have been furnished to Franchisor prior to the execution of this Agreement; or, if Developer is a partnership or limited liability company, copies of Developer's written partnership or limited liability company agreement, other governing documents and any amendments thereto shall have been furnished to Franchisor prior to the execution of this Agreement, including evidence of consent or approval of the execution and performance of this Agreement by the requisite number or percentage of partners or members, as applicable, if such approval or consent is required by Developer's written partnership or limited liability company agreement.

6.3 Ownership

(1) If Developer is a corporation, partnership, limited liability company or other legal entity, the ownership interests in Developer are accurately and completely described in Attachment D. If Developer is a corporation, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, limited liability company or other form of legal entity, Developer shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. Developer shall make its list of owners available to Franchisor upon request.

(2) If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. If Developer is a partnership or limited liability company, its written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) If required by Franchisor, Developer's Principals who do not sign the Principals' Guaranty and Assumption Agreement attached as Attachment A shall each execute the Confidentiality Agreement and Ancillary Covenants Not to Compete with Principal's Undertaking in the form of Attachment B to this Agreement.

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principals or if any individual succeeds to or otherwise comes to occupy a position which, upon designation by Franchisor, would qualify him as one of Developer's Principals, Developer shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Developer's Principals or as a Principal such person shall execute all documents and instruments (including, as applicable, this Agreement) as Franchisor may require others in such positions to execute.

6.4 Financial Matters

(1) Developer and, at Franchisor's request, each of the Principals have provided Franchisor with the most recent financial statements of Developer and such Principals. Such financial statements present fairly the financial position of Developer and each of the Principals, as applicable, at the dates indicated therein and, with respect to Developer, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) The Principals that Franchisor designates shall jointly and severally guarantee the performance of Developer's obligations under this Agreement pursuant to the terms and conditions of the Principal's Guaranty and Assumption Agreement at Attachment A hereto, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

(3) Developer shall provide Franchisor with any and all loan or other documents regarding the financing of the business contemplated hereby that Franchisor may request.

(4) Developer shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement.

6.5 Principal Owner; District Manager

Upon the execution of this Agreement, Developer shall designate, and shall retain at all times during the term of this Agreement, an individual to serve as Developer's Principal Owner. If Developer is an individual, Developer shall perform all obligations of the Principal Owner. The Principal Owner under this Agreement and under each Franchise Agreement executed pursuant hereto shall be the same individual. The Principal Owner shall, during the entire period he serves as such, meet the following qualifications and such other standards as may be set forth by Franchisor in the Manuals or otherwise in writing:

(1) The Principal Owner shall maintain a direct or indirect ownership interest of not less than ten percent (10%) in Developer. Except as may otherwise be provided in this Agreement, the Principal Owner's interest in Developer shall be and remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. The Principal Owner shall execute the Principals' Guaranty and

Assumption Agreement attached hereto as Attachment A, and shall be individually, jointly and severally, bound by all obligations of Developer, the Principal Owner and a Principal hereunder.

(2) Notwithstanding Section 6.5(1), Developer may, at its option and subject to Franchisor's written consent, designate a District Manager to supervise the operation of the business contemplated by this Agreement; provided, that the District Manager under this Agreement and under each Franchise Agreement executed pursuant hereto is the same individual; and provided further, that Developer and its Principal Owner shall remain fully responsible for District Manager's performance. The District Manager shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete attached as Attachment B to this Agreement.

(3) Unless a District Manager is designated pursuant to Section 6.5(2), Developer's Principal Owner shall devote full time and best efforts to the supervision of the business contemplated by this Agreement, and, without Franchisor's written consent, shall not engage in any other business. The foregoing provision shall not apply if a District Manager is designated, provided, the District Manager shall devote his or her full time and best efforts to the supervision and operation of the business contemplated by this Agreement.

(4) The Principal Owner and any District Manager shall meet Franchisor's qualifications, as set forth in this Agreement, the Manuals, or otherwise in writing and, without limitation, shall be empowered with full authority to act for and on behalf of Developer.

Developer must promptly notify Franchisor if the Principal Owner cannot continue to serve in that capacity or no longer qualifies as such, and must take corrective action within thirty (30) days thereafter. During such thirty (30) day period, Developer must provide for interim management of its operations in accordance with this Agreement. Any failure to comply with this Section 6.5 will be a material breach of this Agreement.

6.6 Training

Developer's Principal Owner and any District Manager shall successfully complete Franchisor's management training program within a reasonable period of time after the execution of this Agreement. Any successor or replacement Principal Owner or District Manager shall successfully complete Franchisor's management training program within a reasonable time after such persons are designated. Such persons, and any other personnel of Developer whom Franchisor may designate, shall attend and complete any additional training that Franchisor may from time to time require. Training shall be conducted at locations designated by Franchisor.

(1) Initial management training for Developer's Principal Owner and District Manager is provided at no additional charge; however, Franchisor reserves the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs. Developer shall be responsible for any and all expenses incurred in connection with any initial or additional training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Developer, its Principal Owner or District Manager.

(2) If Developer's Principal Owner or District Manager fails, in Franchisor's sole judgment, to satisfactorily complete Franchisor's management training program, and Developer fails to cure such default within ninety (90) days following written notice from Franchisor, Franchisor may terminate this Agreement.

6.7 Site Selection

Developer assumes all cost, liability, expense and responsibility for selecting, obtaining and developing a site within the Territory for each Restaurant to be developed pursuant to this Agreement.

(1) Before acquiring a site for a Restaurant, Developer shall submit to Franchisor, in the form specified by Franchisor, a description of the site, evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require, including, but not limited to, copies of a proposed lease (which incorporates a rider in substantially the form attached hereto as Attachment F) or contract of sale for the site. Recognizing that time is of the essence, Developer agrees that it will submit such site information to Franchisor no later than sixty (60) days after the execution of the Franchise Agreement. Any proposed lease must be approved by Franchisor prior to its execution. Franchisor shall have thirty (30) days after receiving a copy of the proposed lease to accept or not accept it, in its sole discretion. If requested by Franchisor, Franchisee shall promptly pay, or reimburse Franchisor for, Franchisor's reasonable attorneys' fees and other reasonable costs and expenses incurred by Franchisor in connection with reviewing and/or modifying the lease.

(2) Franchisor shall have thirty (30) days after receiving Developer's site information to accept or not accept, in its sole discretion, the proposed site as the location for the Restaurant. No site may be used for a Restaurant unless it is first accepted in writing by Franchisor, and Developer shall not make any binding commitment with respect to a site for a Restaurant unless the site is first accepted in writing by Franchisor. If Franchisor accepts multiple sites for a Restaurant, Developer shall notify Franchisor in writing within ten (10) days of the date of such acceptance of the site that Developer intends to acquire for the Restaurant. Developer acknowledges that Franchisor's acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Restaurant operated at that site will be profitable or otherwise successful.

(3) Promptly following Franchisor's acceptance of the site for each Restaurant, but in no event no later than ninety (90) days after the execution of the Franchise Agreement, Developer shall acquire the site by purchase or lease, at Developer's expense.

(4) Developer shall furnish to Franchisor a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After a site for a Restaurant is accepted by Franchisor and acquired by Developer, the address of the site shall be entered on the cover page of the Franchise Agreement as the Location of the Restaurant.

6.8 Internet Website

Developer shall not establish any website or other listing on the Internet except as provided herein.

(1) Franchisor has established, or may establish, an Internet Website that provides information about the System and the products and services offered by American Deli Restaurants. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the creative fund monies it collects under the Franchise Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.

(2) Franchisor may (but is not required to) include at the Website an interior page containing information about the Restaurants developed under this Agreement. If Franchisor includes such information on the Website, Franchisor may require Developer to prepare all or a portion of the page, at Developer's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Developer acknowledges and understands that it shall not establish its own Website using the Marks or referring in any way to the American Deli Restaurant without Franchisor's prior written consent, which Franchisor is not obligated to provide. If Developer is in default of this Agreement at any time, Franchisor reserves the right to suspend Developer's web page or Restaurant listing until such time as Developer is in full compliance with the terms of this Agreement.

(3) Franchisor also shall have the sole right (but no obligation) to develop an Intranet through which Franchisor and its developers and franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an Intranet, Developer agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

6.9 Legal Compliance

In addition to complying with its obligations under this Agreement, Developer shall comply with all requirements of federal, state and local laws, rules, regulations, ordinances and orders.

7. DEFAULT AND TERMINATION; POST TERMINATION OBLIGATIONS

7.1 Automatic Termination

Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer (including any of Developer's partners, if Developer is a partnership, or any of its officers, directors, shareholders, or members, if Developer is a corporation or limited liability company) shall become insolvent or makes a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if

Developer is adjudicated as bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against the Developer's business or property is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any business operated by Developer hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

7.2 Termination on Notice; No Right to Cure

Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon written notice to Developer, upon the occurrence of any of the following events of default:

(1) If Developer fails to comply with the Development Schedule, or otherwise fails to satisfy its obligations set forth in Section 3.

(2) If Developer or any of the Principals is convicted of, or enters a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Franchisor's interests therein.

(3) If a threat or danger to public health or safety results from the construction, maintenance or operation of any Restaurant developed under this Agreement.

(4) If Developer or any of the Principals breach in any material respect any of the representations, warranties and covenants in the Agreement.

(5) If Developer or any of the Principals transfers or attempts to transfer any rights or obligations under this Agreement, or any interest in Developer or the business contemplated hereby contrary to the terms of this Agreement, or if an approved transfer upon death or permanent disability is not effected within the time period and in the manner prescribed by Section 8.6.

(6) If Developer or any of the Principals fails to comply with the covenants in Section 9.

(7) If Developer, or any of the Principals, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by Franchisor.

7.3 Termination After Notice and Opportunity to Cure

Upon the occurrence of any event set forth below, Developer shall be deemed to be in material default, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, by giving Developer written notice stating the nature of the default and the applicable cure period (defined below). Developer may avoid termination by curing such default to Franchisor's satisfaction within the time period set forth below or such longer period as applicable law may require ("cure period"). If a default is not cured within the cure period, Developer's rights under this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the cure period.

(1) If Developer or any of its affiliates fails, refuses or neglects promptly to pay when due any monetary obligation owing to Franchisor or any of its affiliates and fails to cure such default within five (5) days following notice from Franchisor, or if Developer or any of its affiliates are otherwise in default under any Franchise Agreement and fails to cure such default within the applicable cure period, if any, contained in such Franchise Agreement.

(2) If Developer fails to designate a qualified replacement Principal Owner or District Manager within thirty (30) days after any initial or successor Principal Owner or District Manager ceases to serve.

(3) If Developer fails to obtain the execution of the covenants required under Section
9.6 within thirty (30) days following Franchisor's request that Developer do so.

(4) If Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

(5) If Developer fails to comply with any other term or condition imposed by this
Agreement and fails to cure within thirty (30) days following notice from Franchisor.

7.4 Additional Remedies

Upon default by Developer under Section 7.2 or 7.3, Franchisor may, in its sole discretion, elect to exercise any one or more of the following remedies in lieu of terminating this Agreement: (i) terminate or modify any territorial protections granted to Developer in Section 1, (ii) reduce the size of the Territory, or (iii) reduce the number of Restaurants which Developer may establish pursuant to the Development Schedule.

(1) If Franchisor elects to exercise one or more of the additional remedies set forth above, Developer shall continue to develop Restaurants in accordance with its rights and

obligations hereunder, as so modified. To the extent such rights are modified pursuant to this Section 7.4, Developer acknowledges that Franchisor shall be entitled to establish, and to license others to establish, American Deli Restaurants in some or all of the Territory, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

(2) Franchisor's exercise of any of its remedies under this Section 7.4 shall not constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

7.5 Effect on Franchise Agreements; Remedies Non-Exclusive

(1) No default under this Agreement shall constitute a default under any Franchise Agreement, unless the default is also a default under the terms of such Franchise Agreement.

(2) No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

7.6 Post-Termination Obligations

Upon the termination or expiration of this Agreement, Developer shall have no right to establish or operate any Restaurant for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination or expiration (but may complete development of and/or operate Restaurants under then-existing Franchise Agreements if such agreements are not terminated) and Franchisor may develop, or authorize others to develop, American Deli Restaurants in the Territory. Upon the expiration or termination of this Agreement:

(1) Developer and the Principals shall comply with the restrictions on confidential information contained in Section 9.1 and the covenants against competition contained in Section 9.2. Any other person required to execute similar covenants pursuant to Section 9.6 shall also comply with such covenants.

(2) Developer and its Principals shall promptly pay all sums owing to Franchisor and its subsidiaries or affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Developer, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Developer and on the premises operated under any Franchise Agreement at the time of default.

(3) Developer and the Principals shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 7.6.

8. TRANSFER OF INTEREST

8.1 By Franchisor

Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without Developer's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all Franchisor's obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

8.2 By Developer and Principals

Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted such rights in reliance on the business skill, financial capacity and personal character of Developer and its Principals. Accordingly, neither Developer nor any Principal, nor any successor or assign of Developer or any Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement (including, without limitation, any or all of Developer's rights or obligations hereunder), the business operated under this Agreement, or in Developer (except as provided in Section 8.4 below) without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement.

(1) If Developer wishes to transfer all or part of its interest in this Agreement or in the business operated hereunder, or if Developer or a Principal wishes to transfer any interest in Developer (except as permitted in Section 8.4), transferor and the proposed transferee shall apply to Franchisor for its consent. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Developer, in this Agreement or in the business operated hereunder but Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval to any such transfer:

(a) All the accrued monetary obligations of Developer and its affiliates and all other outstanding obligations to Franchisor and its affiliates arising under this Agreement or any Franchise Agreement or other agreement shall have been satisfied in a timely manner and Developer shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) Developer and its affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement or other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates; and Developer shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

(c) The transferor and its principals (if applicable) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor, its affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer and Franchisor or any of its affiliates or under federal, state or local laws, rules, regulations and orders;

(d) The transferee shall enter into a written agreement, satisfactory to Franchisor, assuming full, unconditional, joint and several, liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation, partnership or limited liability company, such of transferee's principals as Franchisor may designate as principals shall execute such agreement as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements;

(e) The transferee shall execute the standard form development agreement then being offered to new System developers or a revised form of this Agreement, as Franchisor deems appropriate, and such other ancillary agreements as Franchisor may require, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, and if the transferee is a corporation, partnership, or limited liability company, such of transferee's principals as Franchisor may designate shall execute such agreement and guarantee the performance thereof;

(f) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other Restaurants operated by transferee, if any;

(g) The transferor shall remain liable for all of the obligations to Franchisor in connection with this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(h) Developer shall pay Franchisor a transfer fee in the amount of Ten Thousand Dollars ($10,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, training costs and legal and accounting fees and costs;

(i) If transferee is a corporation, partnership or limited liability company, transferee shall make and will be bound by any or all of the representations, warranties and covenants in Section 6 as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Sections 6.2, 6.3 and 6.4 have been satisfied and are true and correct on the date of transfer.

(2) If the transfer relates to the grant of a security interest in any of Developer's assets, Franchisor may require the secured party to agree that, in the event of any default by Developer under any documents related to the security interest, Franchisor shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default of Developer.

(3) Developer acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

8.3 Transfer for Convenience of Ownership

If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership (i.e. to a corporation owned solely by the individual(s) who executed this Agreement), Franchisor's consent may be conditioned upon any of the requirements in Section 8.2(1), except that the requirements in Sections 8.2(1)(c), (e), and (f) shall not apply and the fee provided for in Section 8.2(1)(h) shall be equal to Franchisor's reasonable out-of-pocket costs and expenses (including legal and accounting fees and costs associated with reviewing the application to transfer). In any transfer for the convenience of ownership, Developer shall be the owner of all the voting stock or interest of the corporation, and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer prior to the transfer.

8.4 Transfer of Non-Controlling Interest

If any person holding an interest in Developer (other than a Principal signing the Principals' Guaranty and Assumption Agreement) proposes to transfer such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the transfer. The transferee shall not be one of Franchisor's competitor and may be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same as the form attached to this Agreement as Attachment B. Franchisor reserves the right to require such transferee to sign the Principals' Guaranty and Assumption Agreement.

8.5 Right of First Refusal

If Developer or a Principal wishes to transfer any interest in this Agreement, the business operated hereunder, or in Developer, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of such offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of Franchisor's notice to seller of its election to purchase and the date Franchisor receives all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, Franchisor may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If Franchisor exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from Developer to Franchisor or any of its affiliates. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 8.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 8 relating to a proposed transfer. Failure to comply with this Section 8.5 shall constitute a material event of default under this Agreement.

8.6 Death or Permanent Disability

Developer or its representative shall promptly notify Franchisor of any death or claim of permanent disability subject to this Section 8.6. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section 8.2 for any <u>inter</u> <u>vivos</u> transfer.

(1) Upon the death of Developer (if Developer is a natural person) or any Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within six (6) months after the death of the Deceased.

(2) Upon the permanent disability of Developer (if Developer is a natural person) or any Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section 8 within six (6) months after notice to Developer. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 8.6. The costs of any examination required by this Section shall be paid by Franchisor.

8.7 Securities Offerings

Interests in Developer shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. As a condition of its consent, Franchisor may, in its sole discretion, require that, Developer reimburse Franchisor for any expenses resulting from such offering (including, without limitation, legal and accounting fees and costs associated with reviewing the offering materials), and Franchisor may require that immediately after such offering, Developer and the Principals retain a Controlling Interest in Developer. Developer shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section 8.7. All offering materials shall be submitted to Franchisor for review prior to being filed with any governmental agency or distributed for use. Franchisor's review of the offering materials shall be limited solely to the subject of the relationship between Developer and Franchisor. No offering shall imply that Franchisor is participating in an underwriting, issuance or offering of securities. Franchisor may require the offering materials to contain a written statement prescribed by Franchisor concerning the relationship of Developer and Franchisor. Developer, its Principals and the other participants in the offering must fully indemnify Franchisor, its affiliates, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering.

8.8 No Waiver

Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

9. COVENANTS

9.1 Confidentiality

Neither Developer nor any Principal shall, during the term of this Agreement and thereafter, communicate, divulge, or use for the benefit of, any other person, persons, partnership, limited liability company, corporation or other entity or association and, following the termination or expiration of this Agreement, they shall not use for their own benefit, any Confidential Information, knowledge or know- how which may be communicated to them or of which they may be apprised concerning the methods of conducting the business contemplated by this Agreement, including, without limitation, the methods of development and operation of the Restaurants and other information contained in the Manuals or otherwise disclosed. Developer and each of the Principals shall disclose such Confidential Information only to those employees of Developer who must have access to it in connection with their employment. Neither Developer nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer and each of the Principals.

9.2 Noncompetition Covenants

Developer and the Principals specifically acknowledge that, pursuant to this Agreement, they will receive access to valuable training, trade secrets and Confidential Information which are beyond their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. Developer and the Principals further acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage, and that gaining access thereto is a primary reason for entering into this Agreement. In consideration therefor, Developer and the Principals covenant as follows:

(1) With respect to Developer, during the term of this Agreement (or with respect to each of the Principals, for so long as such individual or entity satisfies the definition of "Principal" under this Agreement) except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Restaurants operated under valid Franchise Agreements with Franchisor, own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to an American Deli Restaurant (including, without limitation, any business that offers and sells as a primary menu item any one or more of chicken wings or philly cheese steak sandwiches and salads) (a "Competitive Business") and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or similar marks or operates or licenses others to operate a business under the Marks or similar marks.

(2) With respect to Developer, and for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Developer's interest in, this Agreement (or with respect to each of the Principals, commencing upon the earlier of (i) the expiration, termination, or transfer of all of Developer's interest in this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Principal" under this Agreement), and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to American Deli Restaurants operated under valid Franchise Agreements with Franchisor, own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in, advise, assist or make loans to, a Competitive Business that is, or is intended to be, located (i) within the Territory, or (ii) within a ten (10)-mile radius of the location of any American Deli Restaurant then in existence or under construction.

9.3 Reasonable Restrictions

The parties acknowledge and agree that each of the covenants contained herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each such covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

9.4 Reduction of Scope of Covenant

Developer and the Principals acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 9 without their consent, effective immediately upon notice to Developer, and Developer and the Principals agree that they shall promptly comply with any covenant as so modified.

9.5 Enforcement

Developer and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 9.

9.6 Execution of Covenants

Developer shall require and obtain execution of covenants similar to those set forth in Section 9 from all Principals not signing the Principals' Guaranty and Assumption Agreement, from all District Managers and, if requested by Franchisor, other personnel of Developer who have received or will have access to Confidential Information or training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment B. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the scope of the noncompetition covenant set forth in Attachment B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement under this Section 9.6.

9.7 Injunctive Relief

Developer and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material breach of this Agreement. Developer and the Principals acknowledge that a violation of this Section would result in irreparable injury to

Franchisor for which no adequate remedy at law may be available, and Developer and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or the Principals in violation of the terms of this Section, without the requirement that Franchisor post a bond. Developer and the Principals agree to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Section.

9.8 New Developments

If Developer, its employees, or Principals develop any new concept, process or improvement in the operation or promotion of the business contemplated by this Agreement or any Restaurant developed pursuant to this Agreement, Developer shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Developer and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Developer and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Developer and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 9.8 are found to be invalid or otherwise unenforceable, Developer and its Principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

9.9 Anti-Terrorism Laws

Developer and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Developer and its owners certify, represent, and warrant that none of Developer's property or interests is subject to being blocked under, and that Developer and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Developer or its owners, or any blocking of Developer's or its owners' assets under the Anti- Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

10. INDEPENDENT CONTRACTOR

10.1 Independent Contractor Relationship

Developer agrees that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and Franchisor owes Developer no duties except as expressly provided in this Agreement. Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor conducting its operations pursuant to the rights granted by Franchisor.

10.2 No Authority

Nothing in this Agreement authorizes Developer or any of the Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Developer or any of the Principals or any claim or judgment arising therefrom.

11. INDEMNIFICATION

11.1 Indemnity

Developer and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees") from all Losses and Expenses, defined below, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or relates to this Agreement in any way or which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Developer or any of the Principals of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted to Developer under a Franchise Agreement);

(2) The violation, breach or asserted violation or breach by Developer or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

(3) Libel, slander or any other form of defamation of Franchisor, the System, or any developer or franchisee under the System, by Developer or by any of the Principals;

(4) The violation or breach by Developer or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any Franchise Agreement

or other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates; and

(5) Acts, errors or omissions of Developer, any of Developer's affiliates, any of the

Principals and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of any of them in connection with the performance of the development activities contemplated under this Agreement or the establishment and operation of any Restaurant pursuant to a Franchise Agreement.

11.2 Defense of Claim

Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer and each of the Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake), or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer and each of the Principals to indemnify the Indemnitees and to hold them harmless.

11.3 Remedial Action

In order to protect persons or property or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(1) any of the acts or circumstances enumerated in Section 11.1(1) - (4) above has occurred; or

(2) any act, error or omission as described in Section 11.1(5) may result directly or indirectly in damage, injury or harm to any person or any property.

11.4 Losses and Expenses

(1) All Losses and Expenses incurred under this Section 11 shall be chargeable to and paid by Developer or any of the Principals pursuant to its obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of such action, activity or defense.

(2) As used in this Section 11, the phrase "Losses and Expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees and costs, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing costs, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, any and all expenses of recall, refunds,

compensation and public notices and all other payments of money incurred in connection with the matters described.

11.5 Contributory Negligence

The Indemnitees do not assume any liability for acts, errors or omissions of those with whom Developer or the Principals may contract, regardless of the purpose. Developer and the Principals shall hold harmless and indemnify the Indemnitees as set forth herein without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties arising in connection therewith.

11.6 No Duty to Mitigate; Survival of Obligations

Under no circumstances shall Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under the indemnity and against Developer, and the failure of Franchisor to pursue such recovery or mitigate such loss will no way reduce the amounts recoverable by Franchisor from Developer. Developer and the Principals expressly agree that the terms of this Section 11 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

12. MISCELLANEOUS

12.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

AMERICAN DELI INTERNATIONAL INC.
2716 Northeast
Expressway
Atlanta, Georgia 30345
Attention:
President
Telephone: (404) 254-3444
Facsimile: (404) 228-6147

Notices to Developer
and the Principals:

____
____
Attention:
Telephone:
Facsimile:

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

12.2 Entire Agreement

This Agreement, the documents referred to herein and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Developer and the Principals concerning the subject matter hereof and shall supersede all prior related agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

12.3 No Waiver

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or the Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or the Principals, or as to a subsequent breach or default by Developer or the Principals.

12.4 Approval or Consent

Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to Developer, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Developer or any third party as a result thereof.

12.5 Force Majeure

Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, Developer shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by Developer in accordance with Section 11. Except as provided in the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

12.6 Mediation

THE PARTIES ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT THE PARTIES ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN FRANCHISOR OR ITS AFFILIATES (AND ITS AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND DEVELOPER (AND ITS OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER, (b) THE RELATIONSHIP BETWEEN THE PARTIES, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY FRANCHISOR AND DEVELOPER AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN (15) DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION 12.7. FRANCHISOR AND DEVELOPER AGREE THAT STATEMENTS MADE BY EITHER PARTY IN ANY MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS 12.6, THE PARTIES' AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR

THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF THE PARTIES' AGREEMENT TO MEDIATE, DEVELOPER AND FRANCHISOR EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

12.7 Litigation, Jurisdiction and Venue

FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, DEVELOPER AND PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF CLAYTON COUNTY, GEORGIA AND THE FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA. DEVELOPER AND PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY GEORGIA OR FEDERAL LAW. DEVELOPER AND PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, CLAYTON COUNTY, GEORGIA); PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

12.8 Governing Law

THIS AGREEMENT AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND DEVELOPER SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER GEORGIA LAW (EXCEPT FOR GEORGIA CONFLICT OF LAW RULES).

12.9 Mutual Acknowledgments

THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT. IN ADDITION, THE PARTIES ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN RIVERDALE, GEORGIA, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF DEVELOPER ARISING UNDER THIS AGREEMENT,

INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN RIVERDALE, GEORGIA.

12.10 Waiver of Jury Trial and Damages

(1) IN ANY LITIGATION BETWEEN THE PARTIES FOUNDED UPON OR ARISING FROM THIS AGREEMENT, THE PARTIES HEREBY WAIVE THEIR RIGHTS TO A JURY TRIAL, AND THE PARTIES HEREBY STIPULATE THAT ANY SUCH TRIAL SHALL OCCUR WITHOUT A JURY.

(2) DEVELOPER AND THE PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST FRANCHISOR, ITS AFFILIATES, AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT IN THE EVENT OF A DISPUTE, DEVELOPER AND THE PRINCIPALS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

12.11 Business Judgment

DEVELOPER, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT VARIOUS PROVISIONS OF THIS AGREEMENT SPECIFY CERTAIN MATTERS THAT ARE WITHIN THE DISCRETION OR JUDGMENT OF FRANCHISOR OR ARE OTHERWISE TO BE DETERMINED UNILATERALLY BY FRANCHISOR. IF THE EXERCISE OF FRANCHISOR'S DISCRETION OR JUDGMENT AS TO ANY SUCH MATTER IS SUBSEQUENTLY CHALLENGED, THE PARTIES TO THIS AGREEMENT EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION OR JUDGMENT IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF SUCH DISCRETION OR JUDGMENT, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

12.12 Limitation of Claims

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO (i) ANY MISREPRESENTATION OR OMISSION MADE BY DEVELOPER OR ITS PRINCIPALS UNDER THIS AGREEMENT OR IN ANY APPLICATION THEREFOR, (ii) DEVELOPER'S OBLIGATIONS TO PROTECT FRANCHISOR'S CONFIDENTIAL INFORMATION, OR (iii) DEVELOPER'S OBLIGATIONS TO INDEMNIFY FRANCHISOR PURSUANT TO SECTION 11, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF DEVELOPER AND FRANCHISOR PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH DEVELOPER OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

12.13 Counterpart Execution

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

12.14 Headings

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

12.15 Survival

Any obligation of Developer or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Developer or the Principals therein, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections 12.6, 12.7 and 12.8 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

12.16 Severability

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

12.17 Gender

All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Developer in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

12.18 Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section 7 of this Agreement shall not discharge or release Developer or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, Developer and the Principals shall pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

12.19 No Third Party Beneficiary

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Franchisor, and Franchisor's, officers, directors and personnel and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section 8), any rights or remedies under or as a result of this Agreement.

12.20 Further Assurances

The parties will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

12.21 Agreement Effective Upon Execution by Franchisor

This Agreement shall not become effective until signed by an authorized representative of Franchisor.

13. ACKNOWLEDGMENTS

13.1 Independent Investigation

Developer acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Developer. Franchisor expressly disclaims making, and Developer acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

13.2 Consultation with Advisors

Developer acknowledges that Developer has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Developer sufficient time and opportunity to consult with advisors selected by Developer about the potential benefits and risks of entering into this Agreement.

13.3 Disclosure

Developer acknowledges that it received a complete copy of Franchisor's Franchise Disclosure Document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law. Developer acknowledges that it did not rely on any promises, representations or agreements about the System or the Restaurants not expressly contained in Franchisor's Franchise Disclosure Document in making its decision to sign this Agreement. Developer further acknowledges that Franchisor and its representatives have not made any promises, representations or agreements, oral or written, except as expressly contained in this Agreement and the Franchise Disclosure Document.

13.4 Franchisor's Obligations

Developer acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

14. CERTAIN DEFINITIONS

14.1 An "affiliate" of a named person is any person or entity that is controlled by, controlling or under common control with such named person.

14.2 "Business Day" means any day other than Saturday, Sunday or the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

14.3 "Confidential Information" means any confidential information, knowledge or know-how concerning the methods of establishing and operating an American Deli Restaurant which may be communicated to Developer or any of the Principals or of which they may be apprised under this Agreement. Any and all information, knowledge, know-how, techniques, Internet/Intranet passwords, and any materials used in or related to the System which Franchisor provides to Developer in connection with this Agreement shall be deemed confidential for the purposes of this Agreement.

14.4 "Controlling Interest" means (a) if Developer is a corporation, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Developer's issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if Developer is a partnership, that the Principals (i) own at least fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least fifty-one percent (51%) ownership interest in the partnership (and at least fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement, or (c) if Developer is a limited liability company, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the membership interest in the limited liability company, and (ii) are entitled, under its governing documents and under any agreements among the members, to cast a sufficient number of votes to require such limited liability company to take or omit to take any action which such limited liability company is required to take or omit to take under this Agreement.

14.5 "Development Schedule" means, collectively, the schedule in Section 3.2 of this Agreement which designates the number of American Deli Restaurants to be established and operated by Developer in the Territory upon the expiration of each designated Development Period and the schedule in Section 3.3 which establishes the Projected Opening Date and required Franchise Agreement signing date for each such Restaurant.

14.6 "Development Period(s)" means the discrete periods set forth in the Development Schedule within which Developer must establish and have in operation the designated number of Restaurants.

14.7 "District Manager" means a qualified individual who meets the requirements in Section
6.5 of this Agreement but who is not required to own an interest in Developer, designated by Developer and approved by Franchisor to supervise the Developer's operations under this Agreement.

14.8 "Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Developer's control. Developer's lack of financing is not considered to be a Force Majeure.

14.9 "Franchise Agreements" means franchise agreements for American Deli Restaurants executed pursuant to this Development Agreement, as described in Section 3.1(1).

14.10 "Developer's Principals" shall include, collectively and individually, Developer's spouse all officers and directors of Developer (including the officers and directors of any general partner of Developer) whom Franchisor designates as Developer's Principals and all holders of an ownership interest in Developer and of any entity directly or indirectly controlling Developer.

14.11 "Internet" means a global computer-based communications network.

14.12 "Intranet" means a restricted global computer-based communications network.

14.13 "Projected Opening Date" means the date by which each Restaurant is to be open for business, which shall be no later than the dates set forth in Section 3.3 hereof.

14.14 "Publicly held Corporation" is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

14.15 "Reserved Area" means any enclosed area of retail sales establishments in excess of 250,000 square feet, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events.

14.16 "Territory" means the geographic area described in Attachment E to this Agreement, excluding any Reserved Area.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:
AMERICAN DELI INTERNATIONAL INC., a Delaware corporation

____

By:
Name:
Title:
Date:

AREA DEVELOPER:

____
By:
Name:
Title:
Date:

____

By:
Name:
Title:
Date:

ATTACHMENT A

PRINCIPALS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given on this ____ day of 20___, the undersigned state that in consideration of, and as an inducement to, the execution of the Development Agreement (the "Agreement") by American Deli International Inc. ("Franchisor"), each of the undersigned and any other parties who sign counterparts of this Guaranty (referred to herein individually as a "Guarantor" and collectively as "Guarantors") hereby personally and unconditionally guarantees to Franchisor and Franchisor's successors and assigns, that Developer will punctually pay its obligations for development fees, royalties, marketing and advertising fund contributions and purchases of equipment, materials, supplies and other amounts due under the Agreement and under all Franchise Agreements entered into pursuant to the development of American Deli Restaurants under the Agreement.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Developer arising as a result of his or her execution of and performance under this guaranty by the undersigned (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(a) his or her direct and immediate liability under this Guaranty will be joint and several not only with Developer, but also among the Guarantors; and

(b) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; and

(c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and

(d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or

performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Agreement and for so long thereafter as there are any monies or obligations owing by Developer to Franchisor under the Agreement; and

(e) Developer's written acknowledgment, accepted in writing by us, or the judgment of any court of competent jurisdiction establishing the amount due from Developer will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Development Agreement and is obligated to perform thereunder, including, without limitation, under Sections 7.6; 8; 9; 11; and 12.6, 12.7, 12.8, 12.9, and 12.10.

If Franchisor is required to enforce this Guaranty in an administrative or judicial proceeding, and prevail in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative or judicial proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

PRINCIPALS

____
*Name: ______________________________

____
Name: ______________________________

____
Name: ______________________________

Name: ______________________________

*	Denotes individual who is Developer’s Principal Owner

ATTACHMENT
B

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____day of ______, 20____, by and between AMERICAN DELI INTERNATIONAL, INC. ("Franchisor"), and _________________________, a ________________________, whose principle address is _________________________________ ("Developer") and___________________________ ("Covenantor") in connection with an American Deli development agreement between Franchisor and Developer dated ________________, 20____ ("Development Agreement"). Initially, capitalized terms used, but not defined in this Agreement, have the meanings contained in the Development Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of American Deli Restaurants.

The System is identified by certain Marks including, the mark "American Deli," and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Developer the limited right to develop Restaurants using the System, the Marks and the Confidential Information under the Development Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Developer have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Developer therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Developer in connection with the development and operation of American Deli Restaurants under the Development Agreement or Franchise Agreements.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a Restaurant using the System.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Developer or Franchisor, upon request, or upon termination of employment by Developer.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

6. Covenantor acknowledges Franchisor provides access to the Manuals by Developer for limited purposes only and remain the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete[1]

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to Covenantor, Covenantor agrees that, during the term of his or her association with or employment by Developer, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Developer's interest in the Development Agreement, Covenantor will not, without Franchisor's prior written consent or as permitted under valid Franchise Agreements for American Deli Restaurants granted pursuant to the Development Agreement:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of the business described hereunder to any competitor; and

b. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association, or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to an American Deli Restaurant (including, without limitation, any business that offers and sells as a primary menu item any one or more of chicken wings or philly cheese steak sandwiches and salads), which is, or is intended to be, located (i) within the Territory, or (ii) within a ten (10)-mile radius of any American Deli Restaurant then in existence or under construction.]

[1] If Covenantor is a Principal not signing the Principals' Guaranty and Assumption Agreement, delete the Covenants Not to Compete section and replace it with the Principals' Undertaking section.

Principal's Undertaking

Covenantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in Sections 8; 9.1, 9.2, 9.3, 9.4, 9.5, 9.7 and 9.8; and 12.6, 12.7, 12.8, 12.9, and 12.10 of the Development Agreement and is obligated to perform thereunder.]

Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, Franchisor shall be entitled, in addition to any other remedies which it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor or the Developer to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA, WITHOUT REFERENCE TO GEORGIA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES

ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY GEORGIA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

AMERICAN DELI INTERNATIONAL INC.
2716 Northeast Expressway
Atlanta, Georgia 30345
Attention: President
Telephone: (404) 254-3444
Facsimile: (404) 228-6147

If directed to Developer, the notice shall be addressed to:

____

____
____
Attention: ______________________
Facsimile:(__)__________________

If directed to Covenantor, the notice shall be addressed to:

____
____
____
Attention:______________________
Facsimile:(__)__________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

8. Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall insure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:
AMERICAN DELI INTERNATIONAL INC., a Delaware corporation

____

By:
Name:
Title:
Date:

AREA DEVELOPER:

____
By:
Name:
Title:
Date:

____

By:
Name:
Title:
Date:

COVENANTOR:

____

By:________________________________Name:
Title:_______________________________ Date:

ATTACHMENT C

Franchise

Agreement

(See Exhibit C of Disclosure Document)

ATTACHMENT D

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

A. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Developer, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST	NATURE OF INTEREST

B. The following is a list of all of Developer's Principals, as defined in and designated pursuant to Section 14.10 of the Development Agreement, each of whom shall (unless executing the Principals' Guaranty and Assumption Agreement) execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment B to the Development Agreement:

____

____

____

____

ATTACHMENT E

DESCRIPTION OF TERRITORY

TERRITORY:

The “Territory” means ____.

ATTACHMENT F

LEASE ADDENDUM TERMS

(1) Rights of Franchisor.

____________________ (a) __________________________________ ("Landlord") acknowledges that __________________________________ ("Tenant") is a franchisee of AMERICAN DELI INTERNATIONAL, INC., a Delaware corporation ("Franchisor"), and that the American Deli restaurant (the "Restaurant") located at ___________________________ ("Premises") is operated under the system developed by Franchisor for establishing and operating American Deli restaurants (the "American Deli System"), pursuant to a franchise agreement ("Franchise agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the American Deli System as Franchisor may prescribe for the Restaurant. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Restaurant.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the lease for the Premises ("Lease") and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to cooperate with Franchisor with respect to any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1^{st}) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.(e) If, during the six (6) month period set forth in Section (d)(1) above or at any time after the assignment contemplated in Section (d)(2), Franchisor shall notify Landlord that the franchise for the Restaurant is being granted to another American Deli franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the American Deli System and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 2716 Northeast Expressway, Atlanta, Georgia 30345, which address may be changed by written notice to Landlord in the manner provided in the Lease.

(2) <u>Tenant's Exclusive.</u> Tenant shall have the exclusive right to operate a deli-style restaurant (the "Exclusive Right") within the land, buildings, Common Areas and improvements commonly known as the [NAME OF SHOPPING CENTER] ("Shopping Center"). During the term of the Lease, no part of the Shopping Center may be leased, sold, used or occupied for the Exclusive Right other than (a) the Premises; or (b) any portion of the Shopping Center leased and/or occupied by another tenant or Shopping Center user of Landlord whose existing lease or right of possession was executed or entered into prior to the date of this Lease and expressly permitted such use or such tenant has the right to change its use without consent of the Landlord.

__ (3) Tenant's Signs. Tenant may install, maintain and replace the signs ("Tenant's Signs") in the color, size and other specifications set forth in the Signage Criteria attached to this Lease as [Exhibit " "], subject to the Tenant's compliance with applicable laws and governmental regulations. Tenant may designate the contractor for the fabrication and installation of Tenant's Signs. Landlord will maintain the structural portions of any monument or pylon signage in good condition and will illuminate them daily from dusk to the time Tenant closes it restaurant for the day. Tenant shall have a first priority right to install its sign panels on the Shopping Center pylon sign. After the expiration or earlier termination of the Lease, Tenant may remove all of Tenant's Signs at its cost and Tenant must repair any damage caused by its removal thereof. Tenant shall have the right to place temporary "Now Hiring" and "Grand Opening" banners outside of the Premises.

(4) Parking. Tenant may reserve up to ___ parking spaces in the immediate vicinity of the Premises for the exclusive use of its "take-out" customers.

(5) Landlord's Representations. Landlord represents and warrants to Tenant that, to the best of its knowledge, (a) the Shopping Center complies with all applicable laws, rules and regulations; (b) it is the owner of the real property and improvements in the Shopping Center; (c) it has the full right and authority to enter into the Lease without any subsequent action and the execution of the Lease, and the performance of Landlord's obligations therein, do not violate any agreement binding on Landlord; (d) as of the date of the Lease, there are no restrictions (including pre-existing tenant exclusives) except those disclosed in writing to Tenant prior to the date of the Lease that would prevent Tenant from operating a deli-style restaurant within the Premises. If Landlord breaches any of these representations and warranties then, in addition to any other remedy, Landlord agrees to indemnify, save and hold Tenant harmless from any loss, cost, expense or damage (including reasonable attorney's fees and court costs) that Tenant may incur as a result of such breach by Landlord.

(6) Common Area Maintenance Costs. Common Area Maintenance Costs ("CAM"), if any, shall not include the depreciation of any buildings or equipment, leasing commissions, legal expenses related to the making or enforcement of other leases, mortgages, ground rents or increases thereof, Landlord's executive salaries, the cost of constructing replacing or improving any part of the Shopping Center or the Common Areas or any other cost properly chargeable to the capital account under generally accepted accounting principles. Tenant's pro-rata share of CAM, tax and insurance costs will be based on the total leasable square footage of the Shopping Center, whether or not leased. In no event shall CAM increase by more than five (5%) percent in any year over the prior Lease Year. If Tenant is paying CAM monthly based upon anticipated actual costs such monthly payments shall be based upon the prior year's actual costs with reasonable increases for anticipated costs. Such estimated monthly costs shall be compared to the actual costs for any applicable Lease Year and appropriate remittance for any underpayment or refund for overpayment shall be made within fifteen (15) days after calculation, as the case may be.

Tenant shall have the right to audit and inspect Landlord's books and records with respect to CAM upon thirty (30) days prior written notice. Such audit and inspection shall be made at Landlord's offices and Landlord shall make such books and records and any reasonably appropriate supporting documentation available for Tenant's review. In the event that Tenant's audit or inspection shall reveal an error in the calculation of CAM, then adjustment shall be made by appropriate payment or refund within fifteen (15) days after such audit or inspection results shall be delivered to Landlord. Landlord agrees to credit to Tenant's obligation to pay rent under the Lease to Tenant, upon written notice with supporting documentation, the reasonable cost of its audit or inspection if an error was discovered as a consequence requiring adjustment, as herein provided.

(7) Leasing Restriction. No part of the Shopping Center shall be leased, sold or used for a restaurant (other than the Premises) or [____________].

(8) Landlord Agreements. Landlord, on behalf of itself and its successors and assigns, covenants and agrees that:

(9) Landlord and its employees, agents or contractors shall not engage in any action that would materially (i) obstruct the visibility of the Premises or Tenant's Signs; (ii) reduce the number of parking spaces available to Tenant's customers in the immediate vicinity of the Premises as shown on the site plan which is attached as Exhibit "__" to this Lease; or (iii) restrict or prohibit access to the Premises.

(b) Regardless of any designated Shopping Center business hours, only Franchisor shall have the right to diminish or extend Tenant's business hours, which are initially Sunday through Thursday, [____] AM to [____] PM and Friday and Saturday, [____] AM to [____] PM. Tenant may close on national holidays or other observed holidays applicable to the location.

(c) Landlord shall, at all times, maintain a policy of commercial general liability insurance in an amount of not less than [__________ Dollars ($______)] together with an "all risks" policy of casualty insurance covering the Shopping Center for not less than the full replacement cost thereof, and all such policies shall be underwritten with companies having at least an "A-" rating in Best's Insurance Guide.

(d) Landlord shall not add or diminish the area of the Shopping Center or the Common Areas thereof if such action would increase the Tenant's obligations under the Lease or diminish its rights thereunder.

(e) Landlord shall assist Tenant in order to facilitate Tenant's securing of all necessary permits and governmental approvals for the operation of its business at the Premises, including any signage permitted under this Lease and this Addendum.

(9) Tenant Financing. Tenant may grant a mortgage or other security interest in all or part of the Tenant's property ("Tenant Property") located within the Premises (including Tenant's trade fixtures). Landlord agrees that any lien that it may have against Tenant's Property (whether by statute or under the terms of the Lease or otherwise) will be subject and subordinate to the

security interest of Tenant's lender. Landlord shall execute and deliver to Tenant any commercially reasonably subordination documents requested by Tenant's lenders within ten (10) days after Landlord receives the documents.

(10) Landlord's Financing. Landlord shall obtain and deliver to Tenant within thirty (30) days after the date of the Lease a commercially reasonable agreement ("Non-Disturbance Agreement") with the holder of any existing mortgage, deed of trust, ground lease or other security interest (any one or more, an "Encumbrance") affecting the Shopping Center containing the following provisions (the "Non- Disturbance Provisions"): (i) the Lease and Tenant's rights under the Lease shall not be disturbed by any foreclosure or termination action so long as Tenant is not in default under the Lease beyond all applicable notice and opportunity to cure periods; (ii) Tenant will not be joined in any foreclosure or termination actions related to the Encumbrance; (iii) the Lease will automatically become a direct lease between any successor to Landlord's interest, as landlord, and Tenant. In addition, the Lease will not become subordinate to any subsequent Encumbrance affecting the Shopping Center unless and until Landlord obtains from the holder of the Encumbrance an agreement containing such Non-Disturbance Provisions.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:
AMERICAN DELI INTERNATIONAL INC., a Delaware corporation

____

By:
Name:
Title:
Date:

TENANT:

____

By:
Name:
Title:
Date:

____

By:
Name:
Title:
Date:

LANDLORD:

____

By:
Name:
Title:
Date:

EXHIBIT H
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINSTRATORS

CALIFORNIA

Office of the Commissioner
California Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

FLORIDA

Department of Agriculture and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(850) 922-2770

HAWAII

Hawaii Securities Commissioner
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
Registration and Licensing Division
85 7th Place, Suite 500
St. Paul, Minnesota 55101
(651) 296-4026

NEBRASKA

Department of Banking and Finance
Commerce Court
1230 "O" Street, Suite 400
PO Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NEW YORK

Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Department of Consumer and Business Services
Division of Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

RHODE ISLAND

Director of Business Regulations
State of Rhode Island
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
(401) 277-3048

SOUTH DAKOTA

South Dakota Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

TEXAS

Secretary of State
Statutory Document Section
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

UTAH

Director, Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
P.O. Box 146704
Salt Lake City, Utah 84114-6704
(801) 530-6601

VIRGINIA

State Corporation Commission
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Securities Division
Department of Financial Institutions
150 Israel Road
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN

Wisconsin Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Business Oversight
California Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

HAWAII

Hawaii Securities Commissioner
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910

MINNESOTA

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place, Suite 500
St. Paul, Minnesota 55101

NEW YORK

Secretary of State of the State of New York
41 State Street
Albany, New York 12231

NORTH DAKOTA

North Dakota Securities Commissioner
State Capitol
Bismarck, North Dakota 58505

OREGON

Director
Department of Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, Oregon 97310

RHODE ISLAND

Director of Department of Business Regulation
Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910

SOUTH DAKOTA

Director, Division of Securities
Department of Revenue and Regulation
445 East Capitol Avenue
Pierre, South Dakota 57501-2017

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON

Director of the Securities Division
Department of Financial Institutions
State of Washington
150 Israel Road
Tumwater, Washington 98501

WISCONSIN

Wisconsin Commissioner of Securities
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703

EXHIBIT I
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND AREA DEVELOPERS

LIST OF FRANCHISEES

As of the end of 2017 fiscal year

FRANCHISEES

(706) 543-3009	3700 Atlanta Hwy. Unit #FC-4	Athens	GA	30606	Gyose Kim
(706) 395-6615	2139 West Broad St	Athens	GA	30606	Defen Zhang, Qi Wang
(706) 714-1212	1055 Gaines School Road Suite #102	Athens	GA	30605	Gwanghyun Hwang
(706) 736-3516	2801 Washington Rd, Suite #104	Augusta	GA	30909	Jun S. Lee
(770) 801-8888	3961 Floyd Rd. Suite #100	Austell	GA	30106	Jian Feng Zheng
(404) 794-3353	1624 Donald Lee Hollowell Pkwy. NW	Atlanta	GA	30318	Sanggwan Park
(205) 956-4421	1680 Montclair Rd. Suite 400	Birmingham	AL	35210	Byung E Kim
(205) 781-3511	1940 Bessemer Rd.	Birmingham	AL	35208	Won K. Park
(601) 483-4458	1720 Bonita Lakes Circle, Suite #720	Meridian	MS	39301	Keunhan Song
(912) 264-6232	429 Mall Blvd.	Brunswick	GA	31525	Ssang B. Yu
(404) 337-3820	3281 Buckeye Rd # A	Atlanta	GA	30341	Sungtaek Cho
(470) 326-5727	2725 Hamilton Mill Rd. Suite #1100	Buford	GA	30519	Su I. Kwon
(470) 323-4047	4060 Buford Drive	Buford	GA	30518	Cary Stone
(336) 524-6043	2240 N Church St.	Burlington	NC	27217	Chaeyeon Kim
(404) 349-6161	3530 Camp Creek Pkwy. Suite #140	Atlanta	GA	30344	Dianne Seo
(404) 228-2789	2091 Campbellton Rd. SW	Atlanta	GA	30311	In S. Kim
(404) 699-1344	3695 Cascade Rd. Suite M	Atlanta	GA	30331	Cheolam Kim
(404) 755-3355	590 Cascade Ave. SW Suite D	Atlanta	GA	30310	Sungtaek Cho
(770) 978-1611	3425 Centerville Hwy. Suite #3D	Snellville	GA	30039	Youngdo Kim
(770) 454-1333	1881 Chamblee Tucker Rd. Suite #3-2	Chamblee	GA	30341	Youngjin Lee
(704) 393-2082	3210 Wilkinson Blvd Suite #B-3	Charlotte	NC	28208	Ben Huh
(704) 599-9324	5430 North Tryon St. Suite #16	Charlotte	NC	28213	Sungeun Bae
(704) 951-7878	5401 South Blvd.	Charlotte	NC	28217	Edward Lee
(980) 585-1237	3126 Milton Rd.	Charlotte	NC	28215	Minseok Kim
(704) 537-6722	7323 E Independence Blvd #25	Charlotte	NC	28227	Sungeun Bae
(980) 207-0707	3124 Eastway Dr #700.	Charlotte	NC	28205	Sungeun Bae
(843) 766-5005	2070 Sam Rittenberg Blvd. Unit FC2	Charleston	SC	29407	Jaekwa Chung
(404) 766-7889	854 Cleveland Ave. Suite #1000	East Point	GA	30344	Jaeseon Ko
(803)724-2288	7546 Garners Ferry Rd. #340C	Columbia	SC	29209	Karen Yan Yu
(803) 788-1111	2316 A Decker Blvd.	Columbia	SC	29206	Karen Yan Yu
(662) 241-7737	1404 Old Aberdeen Rd. 6	Columbus	MS	39705	Guida Pan (Ken), Li Guo Chen
(770) 602-3272	1360 Dogwood Dr. SE Suite #203	Conyers	GA	30013	Minjung Kim
(678) 625-8888	3154 Hwy. 278 NE	Covington	GA	30014	Dallwon Suh
(404) 284-4800	4869 Covington Hwy. Suite E	Decatur	GA	30035	Jungho Kim
N/A	2860 Cumberland Mall, Suite #1312	Atlanta	GA	30339	Daeyoung Cho

(972)298-2986	3207 E. Kirnwood Dr. #116	Dallas	TX	75237	Inseop Hwang
(404) 377-9922	225 E. Ponce De Leon Ave. Suite #100	Decatur	GA	30030	Hyokkyu An
(770) 694-6275	6968 Douglas Blvd. Suite #102	Douglasville	GA	30135	Sungnam Cho
(478) 274-1780	1910 Marion St.	Dublin	GA	31021	Kijoon Koo
(478) 304-5027	401 North Jefferson St	Dublin	GA	31021	Kijoon Koo
(662) 240-9800	907 E. Alabama St.	Columbus	MS	39702	Chong Ae Crunkilton
(404) 522-6567	1250 Caroline St. NE Suite #C110	Atlanta	GA	30307	Changwon Lim
(770) 389-4441	101 Fairview Rd. Suite#113	Ellenwood	GA	30294	Sung Woo Im
(678) 519-4034	7794 Ella Lane,suite. E	Fairburn	GA	30213	Tokho An
(678) 817-4570	162 Banks Crossing	Fayetteville	GA	30214	Seongyu Kim
(770) 461-5535	135 Pavilion Pkwy. Suite #45	Fayetteville	GA	30214	Youngha Kwon
(404) 500-1851	4542 Old Dixie Rd.	Forest Park	GA	30297	Eunyoung Jang
(256) 438-5324	1001 Rainbow Dr.	Gadsden	AL	35901	Hongshik An
(404) 855-5974	790 Glenwood Ave. Suite #230	Atlanta	GA	30316	Changwon Lim
(770) 995-6000	455 Grayson Highway Suite #106	Lawrenceville	GA	30045	Euncheol Shin
(770) 696-2364	1911 Grayson Hwy. Suite #17	Grayson	GA	30017	Yunchul Kim
(404) 494-9903	2740 Greenbriar Pkwy SW, #A-1A	Atlanta	GA	30331	Cui Ling Zheng
(336) 542-0101	1010 Summit Ave. #7	Greensboro	NC	27405	Steve Yim
(404) 241-4061	2434 Gresham Rd. Suite #A	Atlanta	GA	30316	Cheolam Kim
(770) 227-4220	1591 North Expressway	Griffin	GA	30223	Geum Ja Lim
(601) 255-5379	1000 Turtle Creek Dr. #260	Hattiesburg	MS	39402	Yeonyong Kim
(404) 458-2144	363 Hill St SE	Atlanta	GA	30312	Changwon Lim
(205) 912-7114	306 Oxmoor Rd.	Birmingham	AL	35209	Jungwon Bae
(205) 987-4900	5519 Grove Blvd. #137	Hoover	AL	35226	Jeonghee Bae
(713) 734-9555	9209 Cullen Blvd.	Houston	TX	77051	Sunghoon Yee
(404) 351-5133	1715 Howell Mill Rd. Suite #C-19	Atlanta	GA	30318	Peter Song Kim
(678) 565-0105	1528 Hudson Bridge Rd.	Stockbridge	GA	30281	Gwangwon Lee
(256) 858-0900	2230 Sparkman Dr. #300	Huntsville	AL	35810	Jangwook Kim
(678) 502-7188	2274 Highway 78 East	Snellville	GA	30078	Shamez Punja, Mohsin Punjwani
(323) 531-2221	425 E. Manchester Blvd. #E	Inglewood	CA	90301	Peter Kim
(601) 355-2448	2224 Metro Center Mall	Jackson	MS	39209	Jae K. Lee
(770) 954-3248	1971 Jonesboro Rd	McDonough	GA	30253	Myungsook Lee
(770) 960-7525	5656 Jonesboro Rd. Suite #108	Morrow	GA	30260	Su I. Kwon
(770) 277-1668	665 Duluth Hwy. Suite #16	Lawrenceville	GA	30046	Gwanghyun Hwang
(678) 694-1789	65 Lawrenceville-Suwanee Rd. Suite 4	Lawrenceville	GA	30044	Hung Sook Na
(678) 731-7021	1112 Herrington Rd.	Lawrenceville	GA	30044	Shamez Punja
(678) 336-9627	5385 Lawrenceville Hwy.	Lilburn	GA	30047	Yunchul Kim
(770) 931-6800	4030 Lawrenceville Hwy. #8	Lilburn	GA	30047	Brian Lee
(678) 583-9555	4959 Bill Gardner Pkwy #105	Locust Grove	GA	30248	Daeil Kang
(770) 554-8009	4132 Atlanta Highway Suite 101	Loganville	GA	30052	Taekyoung Kim
(404) 761-0003	2631 Main St. East	East Point	GA	30344	Sunghun Kim

(770) 590-1178	180 Cobb Pkwy S Suite #C-20	Marietta	GA	30060	Ree Hyun Ha, SungJun Jin
(770) 898-3986	1130 Hwy 20/81	McDonough	GA	30253	Daeil Kang
(404) 289-0007	3570 Memorial Dr. Suite #103-A	Decatur	GA	30032	Hyeyon Im
(901) 618-2836	3543 S. Mendenhall Road	Memphis	TN	38115	Guo Dong Lu, Guo Kang Huang
(901) 682-7193	4471 Summer Ave	Memphis	TN	38122	Dae Cheol Shin
(404) 768-9000	2685 Metropolitan Parkway Suite #H-3	Atlanta	GA	30315	kiho Kwon
(334) 285-7221	127 Kelley Boulevard	Millbrook	AL	36054	Haresh Patel
(404) 505-9120	2457 Martin Luther King Jr. Dr. Suite #D	Atlanta	GA	30311	Sangjin Lee
(251) 300-8869	3295 Bel Air Mall, Suite #H-03	Mobile	AL	36606	Yeonchul Kim
(980) 313-8678	1014 W. Roosevelt Blvd.	Monroe	NC	28110	Youngsuk Huh
(334) 262-6122	971 Ann St.	Montgomery	AL	36107	Wonkyu Lee
(334) 244-2499	3891A Eastern Blvd	Montgomery	AL	36116	Su Chong Reese, Kyu H. Armstrong
(334) 676-2328	109 N. Burbank Dr	Montgomery	AL	36117	Haresh Patel
(334) 676-3003	4015 Norman Bridge Road	Montgomery	AL	36105	Su Chong Reese, Kyu H. Armstrong
(334) 676-4033	3535 Day St.	Montgomery	AL	36108	Haresh Patel
(404) 622-1123	1162 Moreland Ave. SE Suite #200	Atlanta	GA	30316	Myeong M. KIM
(770) 961-9979	1878 Mt. Zion Rd. #140	Morrow	GA	30260	Youngsuck Cho
(678) 423-9464	1053 C Bullsboro Dr.	Newnan	GA	30265	Hyuntaek Kwon
(678) 423-5021	44 C Bullsboro Dr.	Newnan	GA	30263	Hyuntaek Kwon
(404) 634-0704	2050 Lawrenceville Hwy G30. Store #7030	Decatur	GA	30033	Youngsoon Kim
(770) 938-2211	4800 Briarcliff Rd. Suite #1110 (Northlake Mall)	Atlanta	GA	30345	Youngjin Lee
(843) 797-7661	2150 Northwoods Blvd. #FC06	North Charleston	SC	29406	Beumjin Kim
(770) 532-0082	3885 Mundy Mill Rd. #109	Oakwood	GA	30566	Hyonwha Correa
(770) 909-5678	6175 Old National Hwy	Atlanta	GA	30349	Yungbin Lim
(404) 209-1001	5190 Old National Highway Suite# B	College Park	GA	30349	Jungbae Kim
(770) 981-3938	2984 Panola Rd. Suite #300	Lithonia	GA	30038	Cui Ling Zheng
(770) 814-2005	2615 Pleasant Hill Rd. Suite #400	Duluth	GA	30096	Youngsook Han
(770) 952-4311	1230 Powers Ferry Rd SE	Marietta	GA	30067	Anna Choi
(256) 831-6624	700 Quintard Dr.Suite # FC-1	Oxford	AL	36203	Hongshik An
(919) 516-5111	1601-11 Cross Link Road	Raleigh	NC	27610	Chris Kang
(601) 956-4484	1200 East County Line Rd	Ridgeland	MS	39157	Huisuk Lee
(770) 996-1747	5404 Riverdale Rd.	Collegepark	GA	30349	Sungwon Kwon
(252) 210-9392	1529 Benvenue Rd. unit A-3	Rocky Mt.	NC	27804	Hyung K Min
(770) 509-3800	2100 Roswell Rd. Suite #2194	Marietta	GA	30062	Jungil Kang
(770) 728-4376	3822 Salem Rd	Covington	GA	30016	Yongtaek Kang
(770) 476-7937	2320 Satellite Blvd. #170	Duluth	GA	30096	Hyun Kwon
(912) 232-6900	1900 East Victory Dr. #15,16	Savannah	GA	31404	Sungbum Choi
(912) 921-8818	14045 Abercorn St. #2526	Savannah	GA	31419	Shi Chen

(334) 526-4446	405 Highland Avenue	Selma	AL	36701	Patel Haresh
(470) 575-5288	2566 Shallowford Rd, Suite 103	Atlanta	GA	30346	Kwangyong Lee
(404) 241-5090	2801 Candler Rd.	Decatur	GA	30034	Youngjin Lee
(770) 507-7226	5508 North Henry Blvd.	Stockbridge	GA	30281	Hongchul An
(770) 465-3939	1825 Rockbridge Rd. Suite 16-A	Stone Mountain	GA	30087	Hwasoon Choe
(404) 296-1733	893 North Hairstone Rd	Stone Mountain	GA	30083	Youngjin Lee
(770) 802-7195	375 N. Deshong Rd.	Stone Mountain	GA	30087	Jungho Kim
(334) 991-4585	427 Gilmer Avenue	Tallassee	AL	36078	Haresh Patel
N/A	2525 South Monroe St. #29	Tallahassee	FL	32301	Michael Kim
(678) 610-9464	8033 Tara Blvd.	Jonesboro	GA	30236	Youngsuck Cho
(770) 837-2812	3201 Tucker Norcross Rd #A4	Tucker	GA	30084	Mi Hui Lee
(770) 484-0060	2998 Turner Hill Rd. #106	Lithonia	GA	30038	Sungsoo Cho
(205) 710-5610	6570 Highway 69 South Suite#A	Tuscaloosa	AL	35405	Eunjong Byun
(334) 439-5123	308 W. Martin Luther King Hwy.	Tuskegee	AL	36083	Haresh Patel
(770) 892-3504	4733 Jonesboro Rd. #130	Union City	GA	30291	Tokho An
(205) 764-5625	1701 McFarland Blvd. East #189	Tuscaloosa	AL	35404	Eunjong Byun
(229) 249-9001	1700 Norman Dr. Suite #1088	Valdosta	GA	31601	Minwoo Lee
(404) 766-0037	1003 Virginia Ave. Suite #100	Hapeville	GA	30354	HongJin Bae
(478) 971-7988	2728 Watson Blvd. Suite #A	Warner Robins	GA	31093	Sungeun Bae
(478) 449-8200	494 Booth Rd. Suite #400	Warner Robins	GA	31088	Youngjoon Son
(478) 293-4763	1130 Watson Blvd.	Warner Robins	GA	31096	Youngjoon Son
(770) 323-1114	3642 Flakes Mill Rd. Suite #C	Decatur	GA	30034	Taesung Baek
(404) 753-1416	840 Oak St. SW	Atlanta	GA	30310	Minhyung Cho
(336) 842-5712	3300 N. Patterson Ave.	Winston Salem	NC	27105	Chaeyeon Kim
(704) 542-3335	11025 Carolina Place Parkway	Pineville	NC	28134	Su Jeong Bae
(336) 663-8081	410 Four Seasons Town Centre Blvd. #350M	Greensboro	NC	27427	Ho Namkoong
N/A	197 Westbank Expy #1710	Gretna	LA	70053	Mi Jeon Kim
(912) 352-3376	7804 Abercorn St. Ste 9	Savannah	GA	31406	Chong H Hong
(706) 940-1727	3131 Manchester Expy, Suite# F3	Columbus	GA	31909	Joshua Park

LIST OF AREA DEVELOPERS as of the end of 2017 fiscal year: None.

LIST OF FRANCHISEES WHOSE BUSINESSES WERE NOT YET OPERATIONAL AT DECEMBER 31, 2017:

7810 Vaughn Road, Montgomery, AL 36116	Wonkyu Lee	785-554-7011
1036 Crossroad Dr., Statesville, NC 28625	Hyuk Bae	704-517-5266
1880 Epps Bridge Parkway, Suite #108, Athens, GA 30606	Gyose Kim	706-206-8130
5854 Yadkin Road, Fayetteville, NC 28314	Jae Jin Yu	910-286-7518

1540 St. Matthews Road NE, Orangeburg, SC 29118	Jeong Min Lee	803-724-7084
400 Ernest W Barrett Pkwy NW, Space #123, Kennesaw, GA 30144	Minkyu Song	678-559-7658
2004 Beatties Ford Rd., Charlotte, NC 28216	Steve Yim	704-737-2424
105 E. Capitol Street, Jackson, MS 39201	Jae K. Lee	770-876-3525

EXHIBIT J

TO AMERICAN DELI INTERNATIONAL, INC. FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT OR HAD AN OUTLET TERMINATED, CANCELED, NOT RENEWED, TRANSFERRED DURING THE LAST FISCAL YEAR (2017)

CLOSED

Atlanta	GA	30303	Byung H. Cho	404-542-8741
Greenville	SC	29611	Nghi (Hai) T. Phan	864-609-4388

TRANSFERS

Birmingham	AL	35210	Kyongsuk Kim	205-447-8812
Atlanta	GA	30331	Charles Sung	404-771-2998
Atlanta	GA	30318	Kyusung Shim	678-592-3214
Lawrenceville	GA	30044	Daeyong Kim	678-267-0663
Atlanta	GA	30315	Hyunok Bae	404-513-9799
Atlanta	GA	30316	Changwon Lim	678-612-2774
Marietta	GA	30062	Jaesung Kim	404-345-6797
Duluth	GA	30096	Misuk Lee	678-817-2826
Savannah	GA	31404	Chilyong Kim	770-876-2855
Savannah	GA	31419	Kyungsook Lee	770-568-7821
Jonesboro	GA	30236	Insuk Cho	678-538-7442
Warner Robins	GA	31088	James S. Kim	678-790-8494
Warner Robins	GA	31093	Hyon C. Kim	770-896-0800
Meridian	MS	39301	Seijoon Oh	404-918-9120
Columbus	MS	39705	Chunho Kim	662-549-7496
Memphis	TN	38122	Jeongkoo Kim	803-394-1826

*Currently own additional operating units.

TERMINATED, CANCELLED OR NOT RENEWED**:** None

If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

AREA DEVELOPERS: None

EXHIBIT K
TO AMERICAN DELI INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

GENERAL RELEASE

[Name of Franchisee] ("Franchisee") and [Name of Controlling Principals] (collectively, "Controlling Principals"), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all others persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless American Deli International, Inc. ("Franchisor"), its affiliates, and their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____________ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Restaurant operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Restaurant or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims"). FRANCHISEE AND CONTROLLING PRINCIPALS ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

California Civil Code §1542 provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT.

The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasee with respect to any Franchisee Released Claim.

Executed as of ___________________, 20___.

____

By:_____________________________________
Name:___________________________________
Title:____________________________________

____
Name:___________________________________

Exhibit M

STATE ADDENDUM

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

2. The maximum interest rate allowed by law in California is 10% annually.

3. A contract which restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code section 16600.

4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

5. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

6. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

7. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

8. The franchise agreement requires binding arbitration. The arbitration will occur in Georgia with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

9. The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

10. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

11. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY

OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

12. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

13. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

14. OUR WEBSITE, www. AmericanDeli.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

The Illinois Attorney General Office requires that certain provisions contained in the franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill. Comp. Stat. ch. 815 para. 705/1 – 705/44 (1994). To the extent that the Franchise Agreement and Development Agreement contains provisions that are inconsistent with the following, such provision are hereby amended.

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to the Franchisee concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Illinois Franchise Disclosure Act, and such acknowledgments shall be void with respect to claims under the Act.

c. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in the venue outside of Illinois.

d. Illinois Law governs the agreements between the parties to this franchise.

e. To the extent that the Agreement requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Illinois Franchise Disclosure Act, and such acknowledgments shall be void and are hereby deleted with respect to claims under the Act.

f. Illinois Franchise Disclosure Act Section 705/41 provides that (i) any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of the State of Illinois is void and (ii) this section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this________day of_____________, 20__ .

Franchisor: American Deli International, Inc. Franchisee:

By:

Its Authorized Agent

By:

Its Authorized Agent

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for American Deli International, Inc.'s Franchise Disclosure Document and for its Franchise Agreement and Development Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Development Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator/area representative may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Development Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Development Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement and Development Agreement are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this day of , 20__ .

Franchisor: American Deli International, Inc.	Franchisee:
By:	By:
Its Authorized Agent	Its Authorized Agent

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee"**:**

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for American Deli International, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this_____day of_____________, 20 ___.

ATTEST

American Deli International, Inc.

____

Witness

By:___________________________________

Name:________________________________

Title:_________________________________

FRANCHISEE:

____

Witness

____

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If American Deli International, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, American Deli International, Inc. or an affiliate in connection with the proposed franchise sale. However, some states franchise laws (including Michigan, New York, and Rhode Island) require American Deli International, Inc. to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business days before you sign a binding agreement with, or make a payment to, American Deli International, Inc. or an affiliate in connection with the proposed franchise sale or grant.

If American Deli International, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator listed in Exhibit H.

The name, principal business address and telephone number of each franchise seller offering this franchise is as follows: Chong C. Kim, 2716 Northeast Expressway, Atlanta, Georgia 30345, (404) 254-3444.

The issuance date of this Disclosure Document is April 1, 2018, and the effective dates for this Disclosure Document in certain states is listed on the State Cover Page.

I received a Disclosure Document dated April 1, 2018, that included the following exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Electronic Funds Transfer Authorization
Exhibit D	Power of Attorney (Telecommunications)
Exhibit E	Asset Purchase Agreement
Exhibit F	Manuals Table of Contents
Exhibit G	Development Agreement
Exhibit H	List of State Administrators and Agents for Service of Process
Exhibit I	List of Franchisees and Area Developers
Exhibit J	List of Franchisees and Area Developers Who Have Left the System
Exhibit K	Form of General Release
Exhibit M	State Addenda

Printed Name	Title	Signature	Date
______________________	_______________	______________________	_______________
______________________	_______________	______________________	_______________

ENTITY NAME (if applicable):____

COPY 1. KEEP THIS COPY FOR YOUR RECORDS.

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Printed Name	Title	Signature	Date
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ENTITY NAME (if applicable):____

COPY 2. RETURN THIS COPY TO:

American Deli International, Inc.
2716 Northeast Expressway
Atlanta, Georgia 30345Attn: Franchise Administrator
Fax: 404-228-6147
Email: info@americandeli.com