FRANCHISE DISCLOSURE DOCUMENT

ANGELINA FRANCHISING LLC
A New York Limited Liability Company
42 West 28th Street, 5th Floor
New York, New York 10001
(212) 687-7100
www.angelinabakery.com

An Angelina Italian Bakery franchisee will operate an Angelina Italian Bakery Store, which are quick serve bakery businesses specializing in the offer and sale of Italian-influenced baked goods, cake or sandwich items (including, without limitation, croissants, donuts, cheese focaccia, sandwiches and pastries) and related products, services and programs.

The total investment necessary to begin operation of an Angelina Italian Bakery franchised business is from $439,800 to $1,732,500. This includes between $82,300 and $105,500 (not including the opening inventory product delivery fee) that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise 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. **Note, however, that no government 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 Jefferson Cho at (646) 239-3603 or info@angelinabakery.com.

The terms of your contract will govern your franchise relationship. Don't rely on the 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 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, DC 20580. You can also 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 may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: April 20, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Angelina Italian Bakery franchise business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Angelina Italian Bakery franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in New York. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with franchisor in New York than in your own state.

2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, and any Parents, Predecessors, and Affiliates

The Franchisor

The franchisor is Angelina Franchising LLC, referred to in this disclosure document as "we," "us," or "our". We were formed in New York on March 5, 2021, and our principal business address is 42 West 28th Street, 5th Floor, New York, New York 10001. We do business under our corporate name and under the name "Angelina Italian Bakery". We have not conducted business in any other line of business. As of the issuance date, we have not conducted business in this or any other line of business; however, our affiliates have operated businesses of the type franchised under this disclosure document since 2019. Our agents for service of process in the states which require franchise registration are listed in Exhibit D. We offer and sell franchises for stores that do business under the mark "Angelina Italian Bakery". We have never offered franchises in any other line of business, and we are not engaged in any other business activity other than the offer of Angelina Italian Bakery Store franchises.

"You" or "your" means the franchisee that buys a franchise to operate an Angelina Italian Bakery Store (defined below). If the franchisee will operate through a corporation, partnership, limited liability company, or other business entity, "you" or "your" also includes your owners and principals.

Our Parents, Predecessors and Affiliates

We have no parents or predecessors.

Our affiliate, Angelina TM Holdings Inc., a New York corporation formed in August 2019 having its principal business address located at 41 West 35th Street, New York, New York 10001 has licensed us the rights to use the Angelina Italian Bakery System, trademarks, service marks and other intellectual property and to sublicense them to our franchisees.

Our affiliate, 41 HSQ Bakery Corp., a New York corporation incorporated in June 2021 having its principal business address located at 41 West 35th Street, New York, New York 10001 will sell focaccia, pizza dough and laminated dough sheets for croissants and bombolones to franchisees.

Except as described above, we have no other parents, predecessors, or affiliates required to be disclosed in this Item.

The Angelina Bakery Franchise

We and our affiliates have developed a proprietary system (the "System") for opening and operating Angelina Italian Bakery Stores, which are fast casual bakeries specializing in the offer and sale of Italian-influenced baked goods, cakes and sandwich items (including, without limitation, croissants, donuts, cheese focaccia, sandwiches and pastries) and related products, services and programs. The System includes distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, policies and procedures for operations; methods for food preparation; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs. The System makes use of the trade name and mark "Angelina Italian Bakery", as well as additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin (collectively, the "Marks"). We may periodically make changes to the System, including changes to the System's menus, methods, standards, signage, equipment, furnishing and fixture requirements.

Types of Franchises

This disclosure document offers unit franchises to those who wish to operate a single Angelina Italian Bakery Store (see the Franchise Agreement in Exhibit A to this disclosure document). The Franchise Agreement grants you the right to establish and operate one (1) Angelina Italian Bakery Store at a specified single location (the "Store Location") within a designated area (the "Protected Area") as described on Attachment A to the Franchise Agreement.

Market and Competition

The bakery and food service industries are highly competitive and well established with constantly changing market conditions. Angelina Italian Bakery Stores will compete against other bakery stores, cafés, coffee shops, and other beverage and food service establishments. You may also compete with other Angelina Italian Bakery Stores owned by us, our affiliates or other franchisees. Competitors may be locally-owned or large regional or national chains. Some competitors may be larger and have better financial resources. Some competitors may have better name recognition than Angelina Italian Bakery. Some may be privately held or publicly held entities. The ability of each Angelina Italian Bakery Store to compete depends on its location, square footage, hours of operation, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control. The bakery, restaurant and food service businesses are also affected by changes in consumer tastes, demographics, traffic patterns and economic conditions. Sales are generally not seasonal.

Industry-Specific Regulation

The food service industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to bakeries. However, other laws, rules and regulations have particular applicability to restaurants.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and foodservice establishment sanitary conditions. State and local agencies inspect foodservice establishments to ensure that they comply with these laws and regulations. Some state and local authorities have adopted, or are considering adopting, laws or regulations that could affect: the content or make-up of food served in restaurants, such as the level of trans fat contained in a food item; general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as "low calorie" or "fat free"; the posting of calorie and other nutritional information on menus; and the use of polystyrene in packaging.

The Federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You must comply with all local, state and federal laws and regulations pertaining to the operation of a bakery (including, health, sanitation, food and beverage handling, food preparation, waste disposal, smoking restrictions and advertising and point-of-sale disclosures, such as, statements concerning the nutritional and dietary characteristics of the food served at your Store), as well as all those laws and regulations applicable to businesses in general, including those described above and zoning laws, labor laws, workers' compensation laws, business licensing laws and tax regulations. You are advised to examine all applicable laws and regulations carefully with a qualified advisor before purchasing a franchise from us and should consider these laws and regulations when evaluating your purchase of a franchise.

We do not represent that you will have the ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by the Franchise Agreement.

ITEM 2
BUSINESS EXPERIENCE

President and Chief Executive Officer: Tony Park
Mr. Park has served as our President and Chief Executive Officer from our inception in March 2018. In addition, Mr. Park has been the President and Chief Executive Officer of Sanwon Garden NYC since April 2018 and the Chief Executive Officer of PD Properties LLC since June 2009. Mr. Park primarily performs his role in connection with these entities from New York, New York.

Vice-President of Operations: Jefferson Cho

Mr. Cho has served as our Vice President of Operations since October 2022. From June 2022 to September 2022, Mr. Cho was the Director of Operations for AWM Group Inc. in Astoria, New York. Prior to that, Mr. Cho served as Director of Operations for Numero 28 & Zeppola Bakery in New York, New York from September 2020 to May 2022. Mr. Cho did not hold a position from April 2020 to August 2020. From January 2018 to March 2020, Mr. Cho served as the Head of Operations for QB Hospitality Inc. in New York, New York.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee for an Angelina Italian Bakery Store is $50,000 (the "Initial Franchise Fee") to be paid to us in one lump sum when you sign the Franchise Agreement for your Store. The Initial Franchise Fee is deemed fully earned when paid and is not refundable under any circumstances.

Variations to Initial Franchise Fee

U.S. Military Veteran Discount Program

To support the veterans of the United States military we offer qualified applicants a 15% discount on the Initial Franchise Fee for the first Store. In order to qualify and participate in our United States Military Veteran Program, you must: (i) be a United States military veteran; (ii) have been honorably discharged from any branch thereof; (iii) provide us with a certified copy of your Certificate of Release or Discharge from Active Duty (DD 214 Form) evidencing your honorable discharge; (iv) own a majority interest in the franchised business operating your Store; (v) otherwise meet the requirements of our program; and, (vi) request participation in our program prior to signing the Franchise Agreement. We may, in our sole discretion, modify or discontinue our United States Military Veteran Discount Program at any time.

Except as described above, we do not currently offer reduced or deferred Initial Franchise Fees.

Architectural Consulting Fee

If you decide to use an unapproved architect in connection with the construction of your Store, you must pay us an architectural consulting fee to compensate us for our review of your proposed adapted architectural design plans and specifications and consulting with your architect ("Architectural Consulting Fee"). The Architectural Consulting Fee is $10,000 and is due upon engagement of your architect. This fee is in addition to any fees and costs that may be charged by the architect to you. The Architectural Consulting Fee is deemed fully earned when paid and is not refundable under any circumstances.

Construction Consulting Fee and Expenses

If you decide to use an unapproved general contractor, you must pay us a construction consulting fee to compensate us for reviewing and approving your construction schematics and proposal and consulting with your general contractor ("Construction Consulting Fee"). The Construction Consulting Fee is $10,000 and is due upon engagement of your general contractor. This fee is in addition to any fees and costs that may be charged by the general contractor to you. You must also pay our travel and out-of-pocket expenses in connection with our inspections and consultation during the construction of your Store as we incur them. The Construction Consulting Fee is deemed fully earned when paid and is not refundable under any circumstances.**Design Services Fee**

You must use the services of our designated design vendor to prepare the design plans for the construction of your Store based on our prototype plans for a typical Angelina Italian Bakery Store. To retain the services of our design vendor you must pay us a design services fee ("Design Services Fee") in the amount of $25,000. The Design Services Fee is deemed fully earned when paid and is not refundable under any circumstances.

Initial Inventory

You must purchase an initial inventory of croissants, croissant/donut fillings, specialty breads, pizza, focaccia, lasagna, cake sheets, tart shells, cake boxes, cake boards, donut boxes, oil paper, hot cups, hot cup lids and shopping bags from us and/or our affiliates in connection with the establishment and opening of your Store. We estimate that the initial inventory you will be required to purchase from us and/or our affiliates will range between $5,500 and $7,500, plus a delivery fee ("Product Delivery Fee") that will range between $2.80 per mile and $4.30 per mile depending on the distance between your Store and our warehouse. The Product Delivery Fee will be calculated as follows:

- If your Store is located 50 miles or less from our warehouse facility, then we will charge you a Product Delivery Fee equal to $4.30 per mile;

- If your Store is located between 51 miles and 100 miles from our warehouse facility, then we will charge you a Product Delivery Fee equal to $4.00 per mile;
- If your Store is located between 101 miles and 200 miles from our warehouse, then we will charge you a Product Delivery Fee equal to $3.50 per mile; and
- If your Store is located more than 200 miles away from our warehouse facility, then we will charge you a Product Delivery Fee equal to $2.80 per mile.

Employee Uniforms

You must purchase an initial inventory of Angelina Italian Bakery uniforms for your employees, prior to opening your Store from us. To commence operation, you will be required to purchase 50 logoed uniform shirts, 50 logoed hats and 20 logoed aprons. Each component of the employee uniform ranges from $15 to $25. We estimate that the cost of the initial inventory of employee uniforms will range between $1,800 to $3,000. The cost of the initial inventory of employee uniforms is deemed fully earned when paid and is not refundable under any circumstances.There are no other payments to or purchases you must make to us or our affiliates before your Store opens.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of weekly Gross Sales for the first full year of operation	The Wednesday following each week for the Monday through Sunday of the preceding week.	We require you to pay the Royalty Fee by electronic funds transfer. See Note 1. See Note 2 for a definition of “Gross Sales”.
Marketing Fund Contribution	Currently none, but when formed we will charge a Marketing Fund Contribution of up to 2% of your weekly Gross Sales	Payable weekly at the same time and in the same manner as the weekly Royalty Fee.	We may form a Marketing Fund and if we do, you must contribute. We may require you to pay the Marketing Fund Contribution by electronic funds transfer. The Marketing Fund Contribution percentage will not change during the Initial Term of your Franchise Agreement. See Note 1 and Note 3.
Local Marketing Requirement	Currently 1% of your Store’s monthly Gross Sales.	Payable monthly at the same time and in the same manner as the first weekly Royalty Fee of	See Note 3.

Type of Fee	Amount	Due Date	Remarks
		each calendar month.	
Grand Opening Advertising	$5,000 minimum.	As incurred.	For a period of four (4) consecutive months, beginning one (1) month before your Store is scheduled to open and continuing for three (3) months following the opening of your Store, you must spend a minimum total of $5,000 on advertising and marketing the opening of your Store. See Note 3 and Item 11.
Additional Site Evaluation Fee	$300 per day, plus the cost of our travel, lodging and meal expenses.	On demand.	We provide 2 on-site visits in connection with the opening of each Store without charge (except that you must pay our lodging, travel and meal expenses). If we provide any additional on-site visits, then you will pay us our Additional Site Evaluation Fee in Column 2. You must also reimburse us for our costs and expenses including travel, meals and lodging.
Approved Products and Services	See Note 4.	When you place orders for products.	You must buy certain Approved Products from us, our affiliate or designee. These products include dough, breads, croissants, cakes, pizza, focaccia, lasagna, coffee beans, croissant/donut fillings, packaging items, cake sheets, tart shells, cake boards, shopping bags, cups, cup lids and oil paper. See Item 8.
Product Delivery Fee	$2.80 per mile - $4.30 per mile	As incurred.	You must purchase certain Approved Products and Services from us, including, without limitation our signatory dough, breads, croissants, cakes, pizza, focaccia, lasagna, coffee beans, croissant/donut fillings, packaging items, cake sheets, tart shells, cake boards, shopping bags, cups,

Type of Fee	Amount	Due Date	Remarks
			cup lids and oil paper. You will be required to pay us the cost for delivering such products, which will cover our freight, labor and fuel expenses. The costs of such deliveries will vary depending on the distance your Store is located See Item 8.
Uniforms	Apron - $15 - $25 each Hat - $15 - $25 each Shirt - $15 - $25 each	When you place your uniform order.	You must purchase an initial inventory of uniforms for your employees, which comprise of logoed shirts, hats and aprons. See Item 5. During the term of your Franchise Agreement, you will likely need to purchase additional employee shirts, hats and aprons. The cost per item appears in Column 2.
Merchandise Cost	As invoiced by us or 3rd party vendor	Upon receiving invoice	We may provide certain merchandising materials to you such as menu panels, point of purchase advertising materials, System memorabilia and other brand-relevant merchandise. We or our third-party vendor will invoice you for reasonable costs for such materials, plus the cost of shipping and insurance. Upon reasonable request, we will furnish you with documentation of those costs.
Software Fee	$350.	Payable each month at the same time and in the same manner that the first Royalty Fee in each month is due.	This fee is not included in the cost of the 2 POS systems that you are required to purchase. See Note 1.
Software Maintenance Fee	$100.	Payable annually.	This fee is not included in the cost of the 2 POS systems that you are required to purchase.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Currently none, but if we develop technology then you will be required to pay our then-current technology fee, not to exceed 1% of your Store's prior week's Gross Sales.	As Incurred.	We may, in the future, develop certain web based or technology-based programs including, but not limited to, a franchisee portal or helpdesk. We may also make improvements to existing technology, including our website and the POS System required. We may charge a fee associated with the implementation and ongoing support of these types of programs.
Interest	Lesser of (i) 18% per annum or (ii) the maximum lawful rate.	On demand.	We may charge interest without notice on all overdue amounts. Interest accrues from the original due date until the amount outstanding is paid in full.
Insufficient Funds Fee	$100 per occurrence.	On demand.	We may charge you a $100 fee per occurrence for all returned checks or insufficient funds in any electronic funds transfer account.
Initial Training Program Expenses	All transportation, lodging and meal expenses of all of your attendees.	As incurred.	While the cost of the Initial Training Program is free for you (if franchisee is an individual), your original Operating Principal (if franchisee is an entity) and your Store Manager, you must pay all travel, lodging and meal expenses for the attendees. The amounts are unknown and may vary depending upon factors such as the third-party supplier selected and your distance from training. The Initial Training Program is mandatory for you, your Operating Principal and your Store Manager. If you replace your Operating Principal and/or Store Manager, your new Operating Principal and/or your Store Manager must attend and successfully complete (to our satisfaction) our Initial Training

Type of Fee	Amount	Due Date	Remarks
			Program at no additional cost to you. While the cost of this replacement Initial Training Program is free of charge for your replacement Operating Principal and your Store Manager, you are responsible for paying all transportation, lodging and meal expenses for your replacement attendees.
Owner Training Program Expenses	All transportation, lodging and meal expenses of all of your attendees.	As incurred.	While the cost of the Owner Training Program is free for you (if franchisee is an individual) or your original Operating Principal (if franchisee is an entity), you must pay all travel, lodging and meal expenses for the attendees. The amounts are unknown and may vary depending upon factors such as the third-party supplier selected and your distance from training. The Owner Training Program is mandatory for you (if franchisee is an individual) or your Operating Principal (if franchisee is a business entity). If you replace your Operating Principal, your new Operating Principal must attend and successfully complete (to our satisfaction) our Owner Training Program at no additional cost to you. While the cost of this replacement Owner Training is free of charge for your replacement Operating Principal, you are responsible for paying the transportation, lodging and meal expenses that your replacement Operating Principal incurs in attending our Owner Training Program.

Type of Fee	Amount	Due Date	Remarks
Personnel Training Program Expenses	All transportation, lodging and meal expenses of all trainees.	As incurred.	Two of your operations personnel and three of your food production personnel must attend Personnel Training before they can commence their employment. While the cost of this training is free for you, you must pay all transportation, lodging and meal expenses of your attendees. The amounts are unknown and may vary depending upon factors such as the third-party supplier selected and your attendees' distance from training. All replacement operations personnel and food production personnel will be required to attend specialized Personnel Training at no additional cost to you. While the cost of this replacement Personnel Training is free of charge for you, you are responsible for paying all transportation, lodging and meal expenses for your replacement attendees.
Additional On-The-Job Training for Personnel	All transportation, lodging and meal expenses of all trainees.	As incurred.	The amounts are unknown and may vary depending upon factors such as the third-party supplier selected and your attendees' distance from training.
Additional On-Site/Off -Site Assistance and Remedial Training	$1,500 per week, plus all living, transportation and meal costs and expenses incurred by: (i) our personnel for providing on-site training at your store; and (ii) your personnel who attends training at our training facility.	On demand.	In addition to the on-site training that we provide when you open your Store, you can request and/or if we believe it is appropriate or necessary in our sole discretion. We may (subject to availability) provide the support services, supervision and/or assistance through on-site visits, on-site remedial training, off-site sessions, telephonic, electronic or other communication modes. If we conduct on-site visits or

Type of Fee	Amount	Due Date	Remarks
			remedial training, such visits or training will take place at your Store or at our training facility and you will be required to pay us the per diem fee in Column 2 for such on-site visit or remedial training, plus reimburse us for the expenses incurred by our personnel and your attendees (including, their respective costs of travel, lodging and meals). You may also be required to attend remedial training at our training facility if you fail a quality control inspection, in which case, you must pay the fee in Column 2.
Ongoing Training	Cost of your attendees' lodging, transportation and meal expenses.	As incurred.	You (if franchisee is an individual), your Operating Principal, Store Manager and/or operations personnel and/or food production personnel must attend our ongoing training programs at no additional cost to you, but you must cover your attendees' lodging, transportation and meal expenses.
Annual Meeting and Conferences	Our then-current registration fee, plus your expenses.	On demand.	We do not currently hold an annual conference or meeting, but we may do so in the future. If we do, then you are responsible for the registration fee and all travel, food, and lodging expenses that you and eligible personnel incur in attending the annual meeting or conference.
Transfer Fee	Franchise Transfer: If the transfer is to a third party, then fifty percent (50%) of our then-current Initial Franchise Fee. If the transfer is to an existing franchisee in good standing, then twenty-	With transfer request.	There is no fee if the transfer is due to one of your principal's death or permanent disability, but you must pay our costs and expenses, including the use of an escrow service for transfers.

Type of Fee	Amount	Due Date	Remarks
	five percent (25%) of our then-current Initial Franchise Fee. You must also pay our costs and expenses associated with the transfer including training costs, legal and accounting fees.		
Securities Offering Fee	$3,000 plus our reasonable costs and expenses associated with reviewing the proposed offering documents.	Prior to the offering.	You must submit all offering documents related to any proposed public or private sale of securities. Our review is limited to the franchisor and franchisee relationship and information about the System. We may disapprove the offering in our reasonable discretion and the fee will not be refundable.
Successor Term Fee	50% of our then-current Initial Franchise Fee.	Signing of successor franchise agreement.	There are additional conditions for entering a successor term. See Item 17.
Relocation Fee	Twenty-Five Percent (25%) of our then-current Initial Franchise Fee, plus our costs and expenses associated with the relocation.	As incurred.	The Relocation Fee is paid to us. In addition to the Relocation Fee and any other costs and expenses you must reimburse us for, you must also pay the Architectural Consulting and/or Construction Consulting Fees to us if you use an architect and/or general contractor not approved by us. See Note 5.
Management Fee	10% of your weekly Gross Sales, plus our travel, lodging and meal expenses.	Payable weekly out of the Store proceeds.	We have the right to step in and operate your Store in certain circumstances, including your death, disability or prolonged absence. If we elect to exercise our step-in rights, you must pay the Management Fee in Column 2, plus reimburse us for our travel, lodging and meal expenses.
Product or Supplier Evaluation Costs	$500.	On demand.	You may request to use an alternate supplier or product from the Approved Supplier we designate. You will be required to

Type of Fee	Amount	Due Date	Remarks
			pay us the amount set forth in Column 2 to evaluate your proposed supplier, test the supplier's products and inspect its facilities.
Mystery Shopper Fee	Our then-current per Store visit fee.	Within 7 days of invoicing.	You must participate in any Mystery Shopper Program described in our Manual.
Indemnification of Us		On demand.	You must indemnify us from certain losses and expenses – See Section 7(O) of the Franchise Agreement.
Audit Fee	Cost of audit (including legal and accounting fees) and understated amounts, plus interest.	When billed.	See Note 6.
Insurance	Will vary.	As insurance carrier requires.	The insurance company sets the premiums and you pay the insurance company; except that if you fail to maintain the required insurance, we have the right, but not the obligation, to procure insurance on your behalf and you must reimburse us the premium payment plus our costs, fees and expenses. Premiums may vary depending upon factors such as the insurance company selected and your claims experience. See Note 7.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorney's fees and expenses) if you do not comply with the Franchise Agreement.
Reimbursement of Costs and Expenses for Curing Your Default	Will vary.	As incurred.	See Note 8.

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages	If we terminate your Franchise Agreement for cause, you agree to pay us liquidated damages equal to the average Royalty Fees owed to us during the 12 months of operation preceding the effective date of termination or abandonment multiplied by (a) 24 (being the number of months in two full years) or (b) the number of months remaining in the term of the Franchise Agreement had it not being terminated, whichever is less. If your Angelina Italian Bakery Store has not been open for a full 12 months, you will pay based on annualized sales.	Within 15 days after the effective date of termination.	If the Franchise Agreement is terminated due to your default or abandonment, you must pay us liquidated damages based on the formula set forth in column 2. Liquidated damages are paid to us.
Financial Statement/Tax Return Late Charge	$50 per month	As incurred.	If you do not timely furnish to us any of the financial statements or tax returns required under the Franchise Agreement, then you must pay a large charge in the amount set forth in Column 2 for each overdue financial statement or tax return. See Item 11.
Taxes	Varies.	Promptly when due	You must pay us all taxes we pay except for our corporate income taxes due to goods or services we furnish to you, the Initial Franchise Fee and Royalty Fees.
Attorneys’ and Experts’ Fees, Court Costs	The amount of these fees and costs are unknown and may vary depending upon factors such as the attorneys and experts selected and the court costs.	When we request.	Note 9.
Advances		When we request.	You must pay us all amounts we advance to third parties for you.

Type of Fee	Amount	Due Date	Remarks
Application of Funds			We can apply your payments to the oldest obligation due.

Notes:

Except as otherwise indicated in this Item 6, all fees on the table above are nonrefundable and the fees and formulas are uniformly imposed.

(1) **Debit of Fees Owed to Us**. We will automatically deduct the Royalty Fees, Marketing Fund Contributions and any additional fees or amounts owed to us from your bank account according to the terms of the Franchise Agreement. You must sign the forms we, our bank and/or your bank require to set up electronic funds transfer, and you must make sure that there is a sufficient balance in your account to make payments of Royalty Fees, Marketing Fund Contributions and other continuing and other fees payable to us and/or our affiliates.

(2) **Definition of Gross Sales**. "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Store (including, without limitation, income generated from deliveries, catering, online ordering and/or special events to the extent that you are authorized to conduct such services), whether received in cash, in services, in kind, from barter and/or exchange or credit (treated as a sale when the charge is made and regardless of collection in the case of credit), sales in kind from barter and/or exchange (valued at the full retail value of the goods or services received), as well as business interruption insurance proceeds. The following are included within the definition of Gross Sales except as otherwise noted: (a) the full value of beverages and food items furnished to Franchisee's Personnel except for any discounts Franchisee extends to its Personnel; and (b) the retail value of all products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Gross Sales for the purpose of determining the amount of Gross Sales upon which fees are due. Gross Sales does not include (i) sales taxes or similar taxes Franchisee legally collects from customers of the Store if Franchisee adds the taxes when Franchisee charges the customers; if the taxes are actually transmitted to the appropriate taxing authority when due; furnish to Franchisor within 30 days of payment an official receipt for payment of the taxes or any other evidence that Franchisor reasonably considers acceptable; and, state in Franchisee's weekly Gross Sales Report (as required by Section 5(F) of the Franchise Agreement) the amount of all these taxes and payment to which they relate; and (ii) tips or gratuities paid directly to Franchisee's Personnel by customers of the Store or paid to Franchisee and turned over by Franchisee to its Personnel in lieu of direct tips or gratuities.

(3) **Marketing Assessment**. We require you to collectively spend an amount not to exceed 3% of Gross Sales on advertising and marketing (the "Marketing Assessment"). Currently you must spend 1% of Gross Sales on local advertising, marketing and promotional programs (the "Local Marketing Requirement"), to be paid to third parties. We do not currently require you to contribute to the Marketing Fund as further described in Item 11 (the "Marketing Fund"), but we will require you to contribute to the Marketing Fund up to 2% of Gross Sales (the "Marketing Fund Contribution"). We may require you to pay Marketing

Fund Contributions to us or directly to the Marketing Fund. We may change the amounts we require you to pay to the Marketing Fund (not to exceed the percentages described in the chart above) and as part of your Local Marketing Requirement, but the fees collectively will not exceed the 3% Marketing Assessment.

(4) **Approved Products and Services**. You must purchase certain Approved Products and Services (as that term is defined in Item 8 below) from us, our affiliate or designee. We (or our affiliates or designees) will sell you certain designated products under terms we develop and advise you of periodically. We may earn a profit on the sale of certain designated products to you.

(5) **Relocation**. If you relocate your Store, you will be required to pay us a fee equal to 25% of the then-current Initial Franchise Fee or 25% of the last Initial Franchise Fee if we no longer offer franchises at the time of relocation. You must also pay any costs and expenses we incur in assisting you to relocate your Store including, but not limited to, expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs and our then current Architectural Consulting Fee and Construction Consulting Fee.

(6) **Audit Costs**. If we audit your Angelina Italian Bakery Store and the audit reveals that you understated the Gross Sales by greater than 2% but less than 5% for any month or for the entire period, then you must immediately pay us the cost of the audit and the additional amounts owing, plus interest at the highest legal rate or, if there is no maximum legal rate, then 1.5%. If you understated your Gross Sales by 2% or more, three times within any 36 month period or 5% or more during any reporting period, we can terminate the Franchise Agreement and you must pay the amount due, plus interest and the cost of the audit. If you understated your Gross Sales by less than 2% percent for any month or for the entire period, you must immediately pay us the amount due, plus interest, but we will pay the cost of the audit. The percentages described in this footnote are fixed and will not change during the term of the Franchise Agreement.

(7) **Insurance Requirements**. The following is the minimum insurance coverage required for each Angelina Italian Bakery Store, which must be purchased from a carrier that is A.M. Best Rated at A or higher:

(a) Broad form comprehensive general liability coverage, and broad form contractual liability coverage of at least $2,000,000 aggregate and at least $1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of more than $5,000;

(b) Special cause of loss coverage forms (sometimes called "All Risk Coverage") on your Angelina Italian Bakery store and all fixtures, equipment, supplies and other property used in the operation of the store, for full repair and replacement value of the machinery, equipment and improvements, including full coverage for loss of income resulting from damage to the store with at least 80% co-insurance clause (however, an appropriate deductible clause is permitted);

(c) Business Interruption Insurance in sufficient amounts to cover your Angelina Italian Bakery store rental expenses, maintenance of competent personnel and other fixed expenses (including payment of Continuing Royalties to us) for a minimum 12 months loss of income;

(d) If any vehicle is operated in connection with the Business, automobile liability insurance with minimum limits of liability in the greater of (a) the greatest amount required by any applicable federal, state or local law, or (b) $1,000,000 for each person killed or injured and, subject to that limit for each person, a total minimum of $2,000,000, along with a minimum limit of $3,000,000 for injury, destruction or loss of use of property of third persons as a result of any one accident;

(e) Workers Compensation Insurance providing Statutory Benefits, as required by applicable state law, and Employer's Liability Insurance: Bodily Injury by Accident $1,000,000 Each Accident; Bodily Injury by Disease $1,000,000 Policy Limit; Bodily Injury by Disease $1,000,000 Each Employee. The Workers Compensation policy coverage shall include coverage for all states in which operations are conducted;

(f) Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to us;

(g) Insurance coverage of types, nature and scope sufficient to satisfy your indemnification obligations under the Franchise Agreement; and

(h) Umbrella liability coverage in no event less than $1,000,000.

(i) Such other insurance as may be required by the landlord of the premises at, and by the state or locality in, which the Store is located.

(j) Insurance coverage of such types, nature and scope sufficient to satisfy Franchisee's indemnification obligations under the Franchise Agreement (including, without limitation, insurance coverage to indemnify us from any claims alleging your violation of federal, state or local labor and/or wage and hour laws, rules or regulations).

You must secure all necessary insurance coverage, including (but not limited to), worker's compensation, disability and general liability, prior to opening your Store and in order to secure coverage for your actions and omissions during the Initial Training Program. If you do not purchase the required insurance, we may obtain the insurance for you. We have no duty do so. If we obtain insurance for you, you must pay the premiums to the insurance company or reimburse us for them. We can change the required coverages and amounts. We shall be allowed to appoint our own selected legal counsel to represent us for any action indemnified by your insurance.

(8) **Reimbursement for Our Cure of Your Default**. If you default in the performance of your obligations or breach any term or condition of the Franchise Agreement or any related agreement, then we may, at our election, immediately or at any time thereafter cure the default on your behalf.

(9) **Attorneys' and Experts' Fees; Court Costs**. In certain circumstances, as specifically enumerated in the Franchise Agreement, you will be required to reimburse us for our reasonable attorneys' fees, experts' fees, court costs and all other expenses incurred in connection with any action instituted to secure or protect our rights under the Franchise

Agreement, to enforce the terms of the Franchise Agreement, or in any action against us begun or joined in by you. If we become a party to any proceeding brought against us by a third party relating to the Franchise Agreement or your Store as a result of any act or omission of yours or the Store's, or if we become a party to any litigation or insolvency proceeding involving you under any bankruptcy or insolvency code, then you must reimburse us for our reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur. If we terminate the Franchise Agreement for your default, or if you terminate the Franchise Agreement through non-payment (See Item 17, section d.), in addition to liquidated damages, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR

DEVELOPMENT OF ONE ANGELINA ITALIAN BAKERY STORE

Type of expenditure	Amount (1)		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee (See Note 2)	$50,000	$50,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Architectural Fee (See Note 3)	$0	$10,000	Lump Sum	Upon engagement of an Architect	Us
Construction Consulting Fee (See Note 3)	$0	$10,000	Lump Sum	Upon engagement of a General Contractor	Us
Design Services Fee (See Note 3)	$25,000	$25,000	Lump Sum	Us	Us
Real Property (See Note 4)	$20,000	$60,000	As landlord requires	As landlord requires	Landlord
Building Costs/Leasehold Improvements (See Note 5)	$150,000	$1,000,000	Lump Sum to Us or Affiliates or as Required By Third Parties	As Incurred, Before Opening	Us or Third Parties (Your Landlord, Architect and/or Contractor)
Equipment, Fixtures and Signs (See Note 6)	$100,000	$300,000	Lump Sum to Us or Affiliates or as Required By Third Parties	As Required By Third Parties	Us or Approved Suppliers

Type of expenditure	Amount (1)		Method of payment	When due	To whom payment is to be made
	Low	High			
Smallwares (See Note 7)	$5,000	$10,000	Lump Sum to Us or Affiliates or as Required By Third Parties	As Incurred, Before Opening	Us or Approved Suppliers
Computer, POS and Security System (See Note 8)	$12,800	$30,000	Lump Sum to Us or Affiliates or as Required By Third Parties	As Incurred, Before Installation	Us or Approved Suppliers
Opening Inventory (See Note 9)	$15,000	$22,500	Lump Sum to Us or Affiliates or as required by Approved Suppliers	Before Opening	Us or Approved Suppliers
Opening Inventory – Product Delivery Fee (See Note 10)	See Note 10				
Employee Uniforms (See Note 11)	$1,800	$3,000	Lump Sun to Us	Before Opening	Us
Grand Opening Promotion (See Note 12)	$5,000	$10,000	As Required By Third Parties	As Required By Third Parties	Us or Third Parties
Licenses, Permits, Fees and Deposits (See Note 13)	$5,000	$20,000	As Required By Third Parties	Before Opening	Municipalities, utility companies, Lessor or Us
Miscellaneous Opening Expenses (See Note 14)	$13,200	$17,000	As Required By Third Parties	As Required By Third Parties	Vendors and Approved Suppliers
Insurance (See Note 15)	$10,000	$15,000	As Required By Third Parties	As Required By Third Parties	Insurance Provider and Broker/Agent
Attorneys' Fees and Business Consultants (See Note 16)	$2,000	$15,000	As Required By Third Parties	As Required By Third Parties	Attorneys, Accountants, Business Advisors
Travel and Living Expenses While Training (See Note 17)	$10,000	$15,000	As Required By Third Parties	As Incurred, During Training	Airlines, Rental Car Agencies, Stores, Hotels, etc.

Type of expenditure	Amount (1)		Method of payment	When due	To whom payment is to be made
	Low	High			
Additional Funds for First 3 Months of Operation (See Note 18)	$15,000	$120,000	As Required By Us or Third Parties	Monthly and As Incurred	Us, Third Parties and Employees
TOTAL (See Note 19)	**$439,800 to $1,732,500** (excluding the Opening Inventory Product Delivery Fee)				

<u>**Notes:**</u>

We do not make any representation regarding whether any amounts paid to third parties are refundable. Unless otherwise stated, amounts paid to us are not refundable. We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated above, these estimates are 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 we control.

(1) <u>Amount</u>. Your initial investment for each new Store depends primarily upon: (1) the number of Stores you acquire; (2) their size; (3) their configuration; (4) their location; (5) who develops the real estate for and/or constructs them; and (6) the amount and terms of financing. You cannot borrow more than 50% of your initial investment in a new Store or the purchase price for an existing Store. The initial funds required must be estimated since most costs are not within our control and may change at frequent intervals. These figures are estimates only and we cannot and do not guarantee that your costs will fall within the stated ranges. These estimated ranges are based on our affiliates' experience in operating two (2) company owned outlets. Costs are constantly changing and your costs may be higher. You should diligently investigate all potential costs before proceeding.

(2) <u>Initial Franchise Fee</u>. The Initial Franchise Fee is discussed in Item 5.

(3) <u>Architectural, Construction Consulting and Design Services Fees</u>. The Architectural Consulting Fee, Construction Consulting Fee and Design Services Fee payable to us are discussed in Item 5. Any fees and costs you are required to pay your architect and contractor are not included in these estimates. The further your Store is from our offices or the location of one of our consultants to be dispatched to your Store, the higher costs and expenses will be. Fees payable to your architect and general contractor are included in "Building Costs/Leasehold Improvements" described in Note (5) below.

(4) <u>Real Property</u>. If you do not have acceptable space for your Store, you will need to lease approximately 1,200 square feet in a suitable commercial building for your Store Location. Angelina Italian Bakery Store Locations are usually at a strip shopping center or stand-alone location, and may be downtown, suburban, rural or on a highway. Since real estate values vary dramatically from region to region, we cannot accurately estimate your rent, but monthly rental costs range from approximately $50 per square foot to $150 per square foot or more per month for a Store Location in New York, New York. This estimate is based on our experience renting space in New York City and paying (i) the first month's rent, (ii) the last month's rent and (iii) one month's rent as a security deposit and receiving 6 months' free rent from our landlord while the landlord makes leasehold improvements. We do not have substantial experience elsewhere in the

United States. Depending on the extent of delays you encounter due to permit requirements, necessary repairs and renovations of the space, and whether you are able to negotiate some rent-free pre-opening time period with your landlord, your costs may differ. To estimate the rental expense for your Store Location, apply the above square footage requirements to the local real estate rental costs in the geographic area in which your Store will be located where there are suitable buildings.

(5) Building Costs/Leasehold Improvements. The amounts include labor and construction (including your architect and general contractor fees), costs and expenses for the improvement of a Store Location premises for each type of Store with the approximate amount of square footage described in Note 4 above. Your costs may vary significantly based upon the actual square footage of your Store and the condition of the premises prior to construction, among other factors. We have not estimated the costs to purchase and renovate an existing building, nor have we estimated the costs of new construction. Building costs vary by geographic location. These ranges are based upon our experience in the New York and New Jersey real estate markets. Site development costs include the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting, etc. Some local governments may charge an additional amount for utility connections to offset their costs for maintaining water and sewer plants; these amounts are not included in the above figure. Costs can be higher if soil problems or other environmental issues are encountered. These ranges do not include unusual costs to bring utilities to the property for hookup or government imposed "impact fees." Additional development costs include, among others, architectural, engineering and legal fees. These estimates do not include extraordinary costs due to extensive redesign, permitting, variances, environmental issues, legal obstacles, etc.

(6) Equipment, Fixtures and Signs. This includes all kitchen and dining equipment (coolers, freezers, proofer, oven and deck oven, sinks and dishwashing equipment, shelving, counters, lighting, seating) and interior and exterior signage and other decor in accordance with our standards, specifications, and requirements. The cost of signs depends on the type, size and location of your Store, the particular requirements of the landlord and local and state ordinances and zoning requirements.

(7) Smallwares. This includes food prep equipment, mixers, kitchen utensils, dishes, glasses, flatware, pots/pans, food storage containers, trash receptacles and related items.

(8) Computer, POS System and Security System. This estimated range includes the cost of 2 point of sale systems as required for all stores, security surveillance system with closed-circuit television, telephone, sound system, software, desktop or laptop office computer, printer, and other required purchases of software and hardware described in Item 11.

(9) Opening Inventory. Before opening a Store, you must purchase an initial inventory of products from us or our affiliates or Approved Suppliers. These products include dough, croissants, croissant/donut fillings, specialty breads, pizza, focaccia, lasagna, cake sheets, tart shells, cake boxes, cake boards, donut boxes, oil paper, hot cups, hot cup lids and shopping bags. We estimate that the initial inventory of products that you purchase from us or our affiliates will range between $5,500 - $7,500. This amount is included in the estimate on the chart above. In addition to the foregoing, you must purchase an initial inventory of maintenance and cleaning materials, office supplies, and miscellaneous materials and supplies.

(10) Product Delivery Fee for Certain Opening Inventory. You will be required to pay a Product Delivery Fee for the initial inventory of dough, croissants, croissant/donut fillings, specialty breads, pizza, focaccia, lasagna, cake sheets, tart shells, cake boxes, cake boards, donut boxes, oil paper, hot cups, hot cup lids and shopping bags that you are required to purchase from us in connection with the opening of your Store. The Product Delivery Fee will range between $2.80 per mile and $4.30 per mile depending on the distance between your store and our warehouse facility. We calculate the Product Delivery Fee as follows:

- If your Store is located 50 miles or less from our warehouse facility, then we will charge you a Product Delivery Fee equal to $4.30 per mile;
- If your Store is located between 51 miles and 100 miles from our warehouse facility, then we will charge you a Product Delivery Fee equal to $4.00 per mile;
- If your Store is located between 101 miles and 200 miles from our warehouse, then we will charge you a Product Delivery Fee equal to $3.50 per mile; and
- If your Store is located more than 200 miles away from our warehouse facility, then we will charge you a Product Delivery Fee equal to $2.80 per mile.

Since this charge may vary drastically, it is difficult to estimate the delivery charge for such products. To estimate the delivery charge, calculate the distance between your Store Location and our warehouse.

(11) Employee Uniforms. You will be required to purchase an initial inventory of employee uniforms from us, prior to opening your Store. Our uniforms include logoed shirts, hats and aprons. To start, you must purchase 50 logoed shirts, 50 logoed hats and 20 logoed aprons. Each component of the employee uniform ranges from $15 to $25.

(12) Grand Opening. For a period of four (4) consecutive months, beginning one (1) month before your Store is scheduled to open, you must carry out a grand opening promotion for the Store in accordance with our standards, including those related to the type, manner and size of the grand opening promotion. Grand opening expenditures may include marketing materials, radio broadcasts, giveaways, cable television advertising, tents, decorations, free food, in addition to a grand-opening celebration. This is the range of expenditures to satisfy your grand opening requirement. You must submit your grand opening plan to us for our approval before you commence your grand opening advertising campaign. Actual costs may vary depending on the time of year that you open, the media costs in your market area, and the pace with which you are able to increase your sales. You must seek approval for any categories or materials you wish to use in advertising before you use them.

(13) Licenses, Permits, Fees and Deposits. You must comply with federal, state and local license, certificate and permit requirements for the operation of your Store. The requirements of states vary. You are responsible for know what laws apply to your Store before acquiring a franchise. You must obtain and pay for these licenses and/or permits before opening your Store.

(14) Miscellaneous Opening Expenses. Miscellaneous opening costs include pre-opening employment payroll costs, utility deposits like gas, water, electricity and telephone, the hardware maintenance fee, petty cash, a smartphone and vehicle for site selection and management of your Store or multiple Stores (if you are a developer) and the cost of printing includes the cost of printing flyers, menus, training aid, and job application forms, schedule forms, business card

letterheads, envelopes and other forms which must be purchased before or upon the opening of your Store.

(15) Insurance. You must purchase and maintain at your sole expense the insurance coverage that we specify in the Franchise Agreement and Manual. This includes comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and product liability insurance. The cost will vary from state to state and we anticipate that you will be required to pay your insurance carrier or agent a full annual premium in advance. You must show proof of coverage, meeting the insurance requirements outlined in the Franchise Agreement and Manual and you must name us as additional insureds. We reserve the right to reject an insurance certificate that you provide if it does not meet the required limits or standards of quality if, in our sole opinion, the insurance does not sufficiently protect us, you or your customers.

(16) Attorneys' Fees and Business Consultants. We recommend you hire attorneys to form the entity that will own the Store and assist in providing legal advice related to the business. You may also want to hire other business consultants or accountants.

(17) Travel and Living Expenses While Training. We pay the cost of presenting the initial training program, including an examination and uniform. However, you must pay for accommodations, meals and travel expenses, if any, for you and your employees. You must also pay for training programs conducted during the term of your franchise agreement if we believe such training is needed. The above estimated ranges of costs are for you (if franchisee is an individual), your Operating Principal (if franchisee is a business entity) and Store Manager to attend out Initial Training Program and for up to three (3) food production personnel and two operations personnel to attend our Personnel Training Program. Your two operations personnel must attend and successfully complete (to our satisfaction) a one week operations training program at our training center, and three (3) of your food production personnel must attend and successfully complete (to our satisfaction) a four (4) week training program at our training center (collectively, the "Personnel Training Program"). If any of your food production personnel are unable to pass our food production test, they will be required to attend additional on-the-job training at our training center at no additional cost to you. The amount of time required depends on the individual's ability to personally demonstrate the competencies. This may increase your cost for travel, hotels and meals for you and/or your designated representative. If you live close to the training facility, your costs will probably be on the lower end of the range. Any wages or salaries that you may pay trainees while they attend training are not included in these estimates. You must also maintain worker's compensation insurance coverage for trainees in your employ.

(18) Additional Funds for First 3 Months of Operation. This amount includes estimated cost of sales and operating expenses incurred during the initial three months of operation. These expenses include payroll, rent and ongoing inventory. The estimate of additional funds does not include an owner's salary or draw. This estimate does not include your living expenses. Cash flow from your operations may not be adequate to cover operating and other costs during the initial phase of business.

(19) Total. We and our affiliates do not directly or indirectly finance your initial investment requirements. We do not assume that you can build your unit for the lowest estimates in all categories. You should not assume this also. We do not build freestanding units from the ground up. Should you desire this, your totals will be higher. We relied on our experience and that

of our affiliates and franchisees to compile these estimates. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, local market conditions, the time it takes to build sales of the establishment, and your skills at operating a business. We recommend that you use these categories and estimates as a guide to develop you own business plan and budget and investigate specific costs in your area. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We and our predecessors and affiliates have spent considerable time, effort and money to develop the System. You must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes. To ensure that you maintain the highest degree of consistency, quality and service, you must operate and develop your Store in strict conformance with our methods, standards and specifications and obtain certain goods, services, supplies, materials, equipment and other products, including your uniforms, advertising materials, POS hardware and software, only from us, our affiliates or the suppliers to be designated or approved by us. Our methods, standards and specifications are prescribed in our confidential operations manual and various other confidential manuals and communications prepared by us for your use in operating the Store (collectively, the "Manual").

- You must sell and offer for sale in your Store only the menu items, products and services we specify and use in your Store only those certain ingredients, food products, spices, seasonings, mixes, beverages, materials, other supplies used in the preparation of food products, furniture, fixtures, equipment, smallwares, forms, paper and plastic products, packaging, other materials, programs and services (collectively, the "Approved Products and Services"), which are now part of the System or which we in the future incorporate into the System unless, as to any one or more Approved Products and Services, the sale of such Approved Product and Service is prohibited by local law or regulation or we have otherwise granted you our advance written approval. We may designate one or more specific manufacturers or suppliers for Approved Products and Services, which may be us or our affiliates (each an "Approved Supplier"). You must purchase certain Approved Products and Services from us or our affiliate. Currently, the Approved Products and Services that you must purchase from us or our affiliate include all dough, breads, croissants, cakes, pizza, focaccia, lasagna, coffee beans, croissant/donut fillings, packaging supplies, paper products, cake sheets, tart shells, cake boards and oil paper. For those Approved Products and Services that you must purchase from us or our affiliate, you are required to pay a Product Delivery Fee ranging from $2.80 per mile to $4.30 per mile for delivery of such products, which we will charge as follows: If your Store is located 50 miles or less from our warehouse facility, then we will charge you a Product Delivery Fee equal to $4.30 per mile;
- If your Store is located between 51 miles and 100 miles from our warehouse facility, then we will charge you a Product Delivery Fee equal to $4.00 per mile;
- If your Store is located between 101 miles and 200 miles from our warehouse, then we will charge you a Product Delivery Fee equal to $3.50 per mile; and
- If your Store is located more than 200 miles away from our warehouse facility, then we will charge you a Product Delivery Fee equal to $2.80 per mile.

Accordingly, the Product Delivery Fee will vary depending upon the distance between your Store and our warehouse.

You must use the services of our designated design vendor to prepare the design plans for the construction of your Store based on our prototype plans for a typical Angelina Italian Bakery Store. To retain the services of our approved design vendor you must pay us a Design Services Fee in the amount of $25,000 .

We and/or our affiliates may derive revenue - - in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments - - from suppliers that we designate, approve, or recommend for some or all Angelina Italian Bakery Stores on account of those suppliers' prospective or actual dealings with your Store and other Angelina Italian Bakery Stores. That revenue may or may not be related to services we or our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates may retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

Since we have not sold franchises, we currently receive no revenues from sales of Approved Products and Services to franchisees by us, our Affiliate or Approved Supplier, but we will receive revenues from this source in the future.

Our President and Chief Executive Officer, Tony Park, holds a one hundred percent (100%) ownership interest in us, the Approved Supplier for certain of the Approved Products and Services that you are required to purchase. None of our officers own an interest in any other third party Approved Suppliers.

If we have Approved Suppliers for any products, supplies, materials, fixtures, furnishings, equipment (including, computer hardware and software), services, programs and other items used or offered for sale at the Store, you must obtain these items from those suppliers. Approved Suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who possess adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may change the number of Approved Suppliers at any time and may designate ourselves, an affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from Approved Suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from Approved Suppliers in respect of your purchases. If we require that an item be purchased from an Approved Supplier and you wish to purchase an alternative product, material, furnishing, equipment or other item from a supplier we have not approved, you must submit to us a written request for approval of the product and/or supplier and then furnish us with the information, data and samples that we reasonably request for examination and testing for our determination as to whether the product, supply, material, furnishing, equipment or the supplier meets our specifications and standards. We do not maintain written criteria for approving alternative suppliers, and thus these criteria are not available to you or your proposed supplier. To obtain our written approval for the alternative supplier:

- You must submit a written request to us for approval of the supplier.

- The supplier must meet our specifications and quality control standards to our reasonable satisfaction.
- Must be able to supply products to franchisees at competitive prices.
- The supplier must demonstrate to our reasonable satisfaction that it is in good standing in the business community for financial soundness and reliability of its product or service.

The supplier must agree to allow us or our representatives to inspect the supplier's facilities and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. Any supplier we approve must agree to allow us to re-inspect their facilities and products. You will be required to pay us a $500 fee to evaluate your proposed supplier, test the supplier's products and inspect the supplier's facilities. We will notify you if your proposed supplier is approved within thirty (30) days of your written request. We may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke approval of any supplier, we will give you written notice (in the Manual or otherwise). If we revoke or delete an Approved Supplier, then you must cease using any such disapproved supplier (or any items purchased from a revoked source of supply) which are inventoried by your Store within 10 days following your receipt of written or electronic notice from us, unless the item or source of supply poses a threat to the health or safety of the public, in which case you must cease using such item or source of supply immediately upon notice from us orally, electronically, or in writing.

If we have not designated an Approved Supplier for particular Approved Products and Services, you may purchase such products and/or services from suppliers you propose and we approve in writing, provided the proposed suppliers meet the standards we establish from time to time and the products and/or services to be purchased are in strict accordance with our specifications.

We will provide you with specifications governing the minimum standards of certain products, services or equipment you procure from unrelated third parties in our Manual or in other written notices we transmit to you. We may modify our specifications in writing and may add new specifications in writing. You may purchase these items from any supplier whose product, service or equipment meets our specifications.

We may issue and modify specifications in writing through our Manual or other written notices to franchisee.

We may periodically negotiate purchase arrangements with one or more suppliers on a regional or national basis for the benefit of franchisees. Currently, we have negotiated a distribution agreement with our supplier for the purchase of coffee to be offered and sold in all Angelina Italian Bakery Stores. You must purchase coffee from our designated supplier(s) in accordance with the terms (including, the price terms) we negotiated. There are no purchasing or distribution cooperatives. We provide you with no material benefits (such as granting additional franchises) based on your use of designated or approved sources. We and our affiliates receive no payments or rebates from any supplier, nor do we or our affiliates receive any special discount on purchases from any supplier for ourselves or themselves, in connection with purchases from our franchisees, but we reserve the right to receive revenues from this source in the future.

We estimate that the required purchases described above are 30% to 40% of the cost to establish an Angelina Italian Bakery Store and approximately 55% to 65% of operating expenses.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage or any loss, liability or expense related to or connected with the operation of the Store. These policies must be written by responsible insurance carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us.

You must procure and maintain the following insurance:

1. Broad form comprehensive general liability coverage, and broad form contractual liability coverage of at least $2,000,000 aggregate and at least $1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of more than $5,000;
2. Special cause of loss coverage forms (sometimes called "All Risk Coverage") on your Angelina Italian Bakery store and all fixtures, equipment, supplies and other property used in the operation of the store, for full repair and replacement value of the machinery, equipment and improvements, including full coverage for loss of income resulting from damage to the store with at least 80% co-insurance clause (however, an appropriate deductible clause is permitted);
3. Business Interruption Insurance in sufficient amounts to cover your Angelina Italian Bakery store rental expenses, maintenance of competent personnel and other fixed expenses (including payment of Continuing Royalties to us) for a minimum 12 months loss of income;
4. If any vehicle is operated in connection with the Business, automobile liability insurance with minimum limits of liability in the greater of (a) the greatest amount required by any applicable federal, state or local law, or (b) $1,000,000 for each person killed or injured and, subject to that limit for each person, a total minimum of $2,000,000, along with a minimum limit of $3,000,000 for injury, destruction or loss of use of property of third persons as a result of any one accident;
5. Workers Compensation Insurance providing Statutory Benefits, as required by applicable state law, and Employer's Liability Insurance: Bodily Injury by Accident $1,000,000 Each Accident; Bodily Injury by Disease $1,000,000 Policy Limit; Bodily Injury by Disease $1,000,000 Each Employee. The Workers Compensation policy coverage shall include coverage for all states in which operations are conducted;
6. Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to us;
7. Insurance coverage of types, nature and scope sufficient to satisfy your indemnification obligations under the Franchise Agreement; and
8. Umbrella liability coverage in no event less than $1,000,000.
9. Such other insurance as may be required by the landlord of the premises at, and by the state or locality in, which the Store is located.

10. Insurance coverage of such types, nature and scope sufficient to satisfy Franchisee's indemnification obligations under the Franchise Agreement (including, without limitation, insurance coverage to indemnify us from any claims alleging your violation of federal, state or local labor and/or wage and hour laws, rules or regulations).

You must secure all necessary insurance coverage, including (but not limited to), worker's compensation, disability and general liability, prior to opening your Store and in order to secure coverage for your actions and omissions during the Initial Training Program. If you do not purchase the required insurance, we may obtain the insurance for you. We have no duty do so. If we obtain insurance for you, you must pay the premiums to the insurance company or reimburse us for them. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability and/or umbrella insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to your Store. Each certificate of insurance must include a statement by the insurer that the policy will not be canceled, subject to nonrenewal or materially altered without at least 30 days written notice to us. All insurance policies, with the exception of workers' compensation and disability insurance, must name us and our affiliates, our area representative, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds and you must provide us with certificates of insurance, endorsements and declaration pages to each policy evidencing that we were named an additional insured under any policy we require you to name us an additional insured. On our request, you must provide us with copies of all insurance policies together with proof of payment for insurance. You must send to us current certificates of insurance and copies of all insurance policies and endorsements for the Store on an annual basis. The insurance policies must provide for a waiver of subrogation. For the avoidance of doubt, you must secure all necessary insurance coverage, including (but not limited to), worker's compensation, disability and general liability, prior to and in order secure coverage for your actions and omissions during the initial training program.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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 Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 3(B)	Items 8 and 11
b. Pre-opening purchases/leases	FA: Sections 3(B), 7, 8 and 12	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: 3(E), 7, 8 and 12	Items 1, 7, 8 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
d. Initial and ongoing training	FA: Sections 6(B), 6(D) – 6(G)	Items 6, 7 and 11
e. Opening	FA: Section 7(A)	Items 6, 7 and 11
f. Fees	FA: Section 5, 4(B) and. 14(C)	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	FA: Sections 3, 7, 8, 9, 10 and 12	Items 8, 11, 14, 15 and 16
h. Trademarks and proprietary information	FA: Sections 9, 10 (A) – 10(B) and 17(A)	Items 11, 13 and 14
i. Restrictions on products/services offered	FA: Section 3(E), 7(E) and 12	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 7(T)	Item 16
k. Territorial development and sales quotas	FA: (Not Applicable)	Item 12
1. Ongoing product/service purchases	FA: 7(E) and 12	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	FA: Section 7(C) – 7(D), 4(B) and 14(C)	Item 8
n. Insurance	FA: Section 12	Items 7 and 8
o. Advertising	FA: Section 8	Items 6, 7, 8 and 11
p. Indemnification	FA: Section 7(O)	Item 6
q. Owner's participation/management/staffing	FA: Sections 7(G) and 7(N)	Items 1, 11 and 15
r. Records and reports	FA: Sections 5(G) and 11	Item 11
s. Inspections and audits	FA: Sections 3(B), 6(C), 7(L) and 11 (C)	Items 6 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
t. Transfer	FA: Section 14	Items 6 and 17
u. Renewal	FA: Section 4	Items 6, 12 and 17
v. Post-termination obligations	FA: Section 17	Item 17
w. Noncompetition covenants	FA: Section 10(C)	Items 15 and 17
x. Dispute resolution	FA: Section 19(D) – 19(I)	Items 15 and 17
y. Personal Guaranty	FA: Section 18(B) and Attachment D	Items 1 and 15

ITEM 10
FINANCING

Neither we nor any of our agents or affiliates offer any direct or indirect financing to you or guarantee any note, lease or obligation for you.

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

Except as described below, we are not required to provide you with any assistance.

Pre-Opening Assistance:

Before you open your Store, we or our designee will:

1. Designate your Protected Area. Your Protected Area will be determined based on whether your Store is situated in an urban, suburban or rural area. If your Store is located in an urban area, then your Protected Area will be a 1/10 mile radius surrounding the Store Location. If your Store is located in a suburban or rural area, then your Protected Area will be a 3 mile radius around the Store Location. (Franchise Agreement, Section 2(A)).

2. Approve or disapprove a site for your Store Location. We do not currently own sites for leasing to franchisees. You select the site for your Store Location, and we approve or disapprove your proposed site. Once you have selected a proposed site, we will provide up to two (2) site visits in connection with the site evaluation of your Store without additional charge (except for our lodging, travel and meal expenses) and consider the acceptance of your Store Location. We may require you to submit maps, completed checklists, photographs, copies of proposed leases, diagrams of the premises with measurements and other information and materials which we may reasonably require to evaluate your proposed Store Location. If you request that we visit the proposed Store Location, after our first two site visits, then you will be required to pay us a fee equal to $300 per day for such additional visits, plus the cost of our expenses (including, travel, lodging and meals). (Franchise Agreement, Section 3(B)).

We consider the following factors in approving sites: the market potential and estimated volume of your Business; the general location and neighborhood and nearness to customers; store visibility; traffic patterns; co-tenant attractiveness; size of the space; age and condition of the shopping center or building; the location and convenience of entrances; the availability of parking; the availability of locations and necessary zoning; the location of competitors; expected overhead; lease terms; and, traffic patterns.

3. Approve or disapprove your request to offer catering and/or delivery services from your Store Location. You may not conduct delivery and/or catering from your Store, unless you secure our prior written approval (which we can withhold for any reason) and comply with our then-current standards regarding same (including, without limitation, the use of specified approved delivery service providers and the execution of required third-party agreements in accordance with same). If we permit you to offer catering and/or delivery services, you will have the non-exclusive right to cater and/or deliver products to customers within your Protected Area. (Franchise Agreement, Section 2(A) and Section 7(E)).

4. Provide you with access to a copy of our standard architectural and prototypical design plans. (Franchise Agreement, Section 3(E)).

5. Review and approve or disapprove your proposed final architectural and design plans for the Store. You may not commence construction of the Store until we approve the final plans and specifications in writing. We may provide you with the names of designated or approved suppliers and specifications for some items of the design, construction, furniture, fixtures, equipment and decoration of the Store. (Franchise Agreement, Section 3(E)).

6. Provide you with of our approved architectural and design suppliers and vendors whose services, whose services you may (but are not required to) use for the construction or remodeling of your Store. If you elect to use an unapproved architect and/or general contractor, we will require you to pay us the Architectural Consulting Fee and/or Construction Consulting Fee (as applicable). The Architectural Consulting Fee and is paid when you engage the architect, and the Construction Consulting Fee is paid as soon as you engage the services of your architect and/or general contractor. (Franchise Agreement, Section 3(E)).

7. After you sign the Franchise Agreement, provide you with access to one (1) set of our Confidential Operations Manual and other manuals. You must strictly comply with the Manual in operating your Store. We can change the Manual, and you must comply with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement. (Franchise Agreement, Section 10(A).

8. Provide you with a list of our required lease/real estate purchase agreement terms and approve or disapprove your lease or real estate purchase agreement within 20 business days after we receive it. If we do not communicate our approval or disapproval to you in that time, the agreement is deemed disapproved. (Franchise Agreement, Section 3(B)).

9. Provide you with a list of our Approved Suppliers. (Franchise Agreement, Section 7(E)).

10. Provide you with written specifications for the required inventory, products, supplies, goods, fixtures, equipment, smallwares, furnishings, signage and/or decor to be installed or purchased in connection with constructing, remodeling, decorating or operating your Store. (Franchise Agreement Section 7(E)).

11. Conduct an initial training program for you (if you are an individual), (if you are a business entity) your Operating Principal and Store Manager. (Franchise Agreement, Section 6(B)).

12. Conduct an initial personnel training program for three of your food production personnel and two of your operations personnel. (Franchise Agreement, Section 6(B)).

13. Provide up to five (5) days of in-store assistance by sending our representatives to assist you with your Store's opening for your Store's opening commencing two (2) days before you open for business. (Franchise Agreement, Section 6(D)).

14. Approve or disapprove any initial advertising or marketing materials, business forms, stationery, business cards or other forms you intend to utilize in connection with your grand opening or otherwise. (Franchise Agreement, Section 8(F)).

15. Specify the electronic and/or written accounting and MIS Systems, procedures, formats and reporting requirements which you will use to account for your Business; maintain your financial records and merchandising data; and, generate reports for both you and us. (Franchise Agreement, Section 6(H)).

16. Sell you our Approved Products and Services. See Item 6. (Franchise Agreement, Section 7(E)).

17. If we determine to do so, exercise rights concerning franchisee pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include, for example prescribing the maximum and/or minimum retail prices which you may charge customers; recommending the prices you charge customers; advertising specific retail prices for some or all products or services sold by your Store, which prices you will be compelled to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your Store may charge the public. We may do so only in certain geographic areas (cities, states, regions) and not others, or with regard to certain groups of franchisees and not others. Any maximum, minimum or other prices we prescribe or suggest may or may not optimize the revenues or profitability of your Store. (Franchise Agreement, Section 6(I)).

Continuing Assistance: After your Store or Stores open we will:

1. Furnish you with the support services, supervision and/or assistance that we consider advisable through on-site visits, on-site remedial training, off-site sessions, telephonic, electronic or other communication modes. You may also at any time communicate with our headquarters for consultation and guidance with respect to the operation and management of your Store. The timing of these services will be subject to the availability of our personnel. (Franchise Agreement, Section 7(E)).

2. Sell you our Approved Products and Services. See Item 6. (Franchise Agreement, Section 7(E)).

3. Furnish you with any specifications for required products and services. (Franchise Agreement, Section 7(E)).

4. Approve or disapprove any initial advertising or marketing materials, business forms, stationery, business cards or other forms you intend to utilize in connection with your grand opening or otherwise. (Franchise Agreement, Section 8(F)).

5. Continue, if we determine to do so, to engage in the pricing activities described above in this Item 11. (Franchise Agreement, Section 6(I)).

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

Typical Length of Time Before You Open Your Angelina Italian Bakery Store

You must secure all necessary licenses and sign an approved lease for your Store Location within 180 days after we sign your Franchise Agreement. You must open your Angelina Italian Bakery Store within 365 days after we (Franchisor) sign the Franchise Agreement, unless we give you a written extension. We estimate that it will be approximately 365 days from the time you sign the Franchise Agreement to the time you begin operations, although this may vary due to a number of factors. Factors affecting the time to open may include attendance at and satisfactory completion of our Initial Training Program, obtaining a satisfactory site for the Store Location, arranging for any financing, complying with local ordinances, completing delivery and installation of equipment and signs and procuring opening inventory. We reserve the right to formally approve your Store prior to opening. (Franchise Agreement, Section 7(A)).

Site Selection and Acquisition

Site Selection

You must submit site information for your Store Location within 60 days of signing the Franchise Agreement. It is the essence of the Franchise Agreement that you select a Store Location, identify it to Franchisor, obtain Franchisor's advance written approval and sign a lease approved by Franchisor (or provide proof of ownership) for the Store Location within 180 days following the date of the execution of the Franchise Agreement.

When you identify a proposed Store Location, you must submit to us in writing a description of the Store Location, evidence that the Store Location satisfies our site selection guidelines and any other information we may require. We will review your proposed site for compliance with our site selection guidelines and accept or not accept the site within 30 days after receiving your site information. We may also require you to submit maps, completed checklists, photographs, diagrams, the measurements of the premises and other information and materials which we may reasonably require to evaluate your proposed Store Location. We also may visit the proposed Store Location in order to evaluate its suitability. We will conduct up to two (2) on-site visits at no additional cost to your Store Location to offer Franchisee assistance and guidance. For any subsequent on-site visits you must pay us a site evaluation fee equal to $300 per day, plus our lodging, travel and meal expenses. In reviewing your proposed site, we consider various factors, including the condition of the building, the location of the site, population, and other demographic factors. Our acceptance of a site and the rendering of assistance in the selection of a site does not constitute, and will not be deemed to constitute, a representation, promise, warranty, guarantee or any other indication that Angelina Italian Bakery your Store will be profitable or otherwise successful at that Store Location, and you must waive any claim to the contrary. (Franchise Agreement, Section 3(B)).

If you fail to secure a Store Location within the time limits and following the procedures specified in Section 3(B) of the Franchise Agreement, then this failure will be a material and incurable breach of the Franchise Agreement, which unless we waive, will entitle us to terminate the Agreement immediately upon notice to you, with no opportunity to cure. Your Initial Franchise Fee and all other funds you paid to us will be considered fully earned by us and will not be refunded. In such an event, you must sign our then-current standard form of General Release and all other documents as we may require to fully terminate all agreements between you and us that are covered by the Franchise Agreement.

Location Lease

You must lease or purchase a Store Location within 45 days of our acceptance of your Location. Any lease or sublease for the Store Location must meet our criteria. We require certain specific conditions prior to accepting your Store Location, including provisions relating to subleasing, rental terms, signage, default notice, use and our rights upon default and lease assumption. You must deliver to us a copy of any proposed lease or sublease and any related documents (collectively, the "Lease") before executing the Lease for the Store Location. Your proposed Lease must be accompanied by our form of lease rider attached to the Franchise Agreement as Attachment G (the "Lease Rider"). Any proposed Lease will be subject to our advance written approval, which we will not unreasonably withhold or delay, provided, however, that we have the right to disapprove any proposed Lease that is not accompanied by our Lease Rider. If we do not communicate our approval or disapproval of your proposed Lease to you within twenty (20) business days following our receipt of the proposed Lease, then the Lease will be considered disapproved. You agree not to sign any Lease that we disapprove or (if the Lease is approved) sign any modification of the Lease that would adversely affect our rights without our written acceptance. Our acceptance does not in any way guarantee, represent or warrant your success at that Store Location or that you will generate any specific level of sales. (Franchise Agreement Section 3(B)).

If you do not sign an approved lease for a Store Location within 45 days following Franchisor's acceptance of the site for the Store, then we can terminate the Franchise Agreement. In such an event, you must sign our then-current standard form of General Release and all other documents as we may require to fully terminate all agreements between you and us that are covered by the Franchise Agreement. If we terminate the Franchise Agreement for this reason, all funds you paid to us will be considered fully earned by us and will not be refunded.

Advertising

Marketing and Creative Approval Process

You must participate in all marketing and sales promotion programs that we may authorize or develop for the Stores. (Franchise Agreement, Section 8(A)). All marketing and promotions you place in any medium must be conducted professionally and must conform to our standards and specifications. Any advertising and promotional materials not prepared by us must be approved by us prior to your use. In certain circumstances, we may require you to include a reference to the fact that franchises for Angelina Italian Bakery Stores are available in your advertising or promotional material. The complete creative approval process, as it may be updated from time to time, can be found in our Manual. (Franchise Agreement, Section 8).

Grand Opening Promotion

For a period of four (4) consecutive months, beginning one (1) month before your Store opens and continuing for three (3) months after your Store opens, you must carry out a grand opening promotion for the Store in accordance with our standards, including those related to the type, manner and size of the grand opening promotion. You must obtain our prior written approval of all marketing materials, methods and media you use in connection with such grand opening promotion. You must spend at least $5,000 on the Store's grand opening promotion and submit one or more expenditure reports to us, accurately reflecting your grand opening expenditures. We may credit grand opening expenditures against the satisfaction of your Local Marketing Requirement for such four month period. (Franchise Agreement, Section 8(E)).

Marketing Assessment Generally

We will have the right to require you to spend up to 3% of your Store's Gross Sales on marketing. Initially, you must spend 1% of Gross Sales on the Local Marketing Requirement. In addition to your Local Marketing Requirement, we may require you to contribute up to 2% of your Store's weekly Gross Sales to the Marketing Fund. Currently, we do not require you to contribute to the Marketing Fund, but we may require you to do so at such time that we form a Marketing Fund. We may reallocate the proportion of those monies directed to local marketing (individually or through a Cooperative) and to the Marketing Fund but it will not exceed 3% of your Store's Gross Sales in the aggregate. (Franchise Agreement, Section 8(B)). At your option, you may choose to spend more on local marketing than the amount we require.

Local Marketing

You must spend 1% of your Store's monthly Gross Sales on marketing your Store in your local market. You must give us a quarterly report of your local marketing expenditures within 15 days following the end of each calendar quarter (and at any other times that Franchisor may require). Local marketing may include expenditures on television, radio, newspapers, magazines, billboards, posters, banners, brochures, direct mail, advertising on public vehicles and other types of marketing designated in the Manual and approved by us in accordance with our creative approval process described in the Manual. You cannot include expenditures for any of the following to satisfy your Local Marketing Requirement: (i) incentive programs for your employees or agents; (ii) charitable, political or other contributions or donations; (iii) Store fixtures or equipment; (iv) Yellow Pages and website listings; (v) grand opening expenses; or (vii) Social Media Platform and Social Media Materials described below. (Franchise Agreement, Section 8(C)).

You may be asked to participate in marketing tests and surveys. In the event that you are approved to participate, you may be required to enter into an agreement that outlines all the requirements for marketing tests and surveys. All test and survey requirements, processes and procedures must be adhered to and any applicable costs will be our responsibility. You must provide complete data statistics on the tests or surveys for our review and evaluation. Since such tests and surveys involve the evaluation and analysis of product pricing in a test environment, we will recommend pricing in order to effectively evaluate the full scope of the test.

Marketing Fund

We have not currently established a Marketing Fund, but we may form a Marketing Fund in the future which we or someone we designate will administer. If we form a Marketing Fund, you will be required to contribute up to two percent (2%) of your monthly Gross Sales to the Marketing Fund. We will direct all marketing programs, including the creative concepts, materials and media used in the programs, and the placement and allocation of Fund advertising. We may seek your advice either formally or informally regarding the creative concepts and media used for initiatives financed by the Marketing Fund but it is not binding on us and we are not required to follow any advice we seek. We may use the Fund to satisfy the costs of maintaining, administering, directing, preparing and producing marketing. This includes the cost associated with developing, maintaining and updating our website, of preparing and producing television, radio, cable, magazine, newspaper marketing and worldwide web/internet advertising campaigns; direct mail and outdoor billboard advertising; other advertising, marketing and public relations activities; developing promotional materials; employing advertising agencies; point-of-purchase materials; consumer research, interviews and related activities; advertising at sports events; mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships; mystery shoppers (both for the System and for competitive networks or units); celebrity endorsements; reviewing any advertising material you propose to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; conducting customer surveys and customer interviews; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; related retainers; cellular telephone and smartphone media programs; other activities that we in our business judgment believe are appropriate to enhance, promote and/or protect the System or any component thereof; engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. Merchandise and premium items, if developed out of the Fund, may be sold to franchisees at a reasonable cost. Earnings on the sale of premium items will be contributed to the Fund. We are not required to make expenditures for you that are equivalent or proportionate to your Marketing Fund contribution or to ensure that any particular franchisee or any particular geographic region benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates the Protected Area of Franchisee’s Store. The Fund is not a trust and Franchisor is not a fiduciary with respect to the Fund. Except for a portion of the Marketing Fund spent on website development and maintenance (a portion of which may include soliciting the sale of franchises using the website), the Marketing Fund is not used to solicit the sale of franchises although we reserve the right to include “Franchises Available” or similar language with our contact information on any advertising purchased or created with Fund monies. (Franchise Agreement, Section 8(D)(3)). We currently do not have a marketing council composed of franchisees. We anticipate that Marketing Fund marketing will be conducted primarily through electronic or print media on a regional or national basis and that the majority of our marketing will initially be developed in-house.

We need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from its other funds, but we may not use these amounts under any circumstance for any purposes other than those provided for in the Franchise Agreement. We will account for the Marketing Fund separately from our other funds and it will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs (including legal and accounting), travel expenses and overhead as we may incur in activities related to the administration of the Marketing Fund and our programs, including, without limitation, conducting market surveys; preparing advertising, promotion and marketing materials; working with advertising agencies, advertising placement services and creative talent; collecting and accounting for contributions to the Marketing Fund (including, preparing an annual statement of Fund contributions and expenditures as provided for above); and, otherwise devoting our personnel, resources and/or funds for the benefit of the Fund. We may spend on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Franchisees to the Marketing Fund in that year, and the Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. Any interest earned on monies contributed to the Marketing Fund will be an asset of the Marketing Fund. We have the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and such successor entity will have all of the rights and duties specified in the Franchise Agreement. Our right to expend monies from the Fund to reimburse us for such activities is exclusive of any advertising agency fees which the Fund must expend to secure the services of an advertising agency or to have print, broadcast or internet advertising placed by an agency. The Fund and its earnings will not otherwise inure to our benefit. (Franchise Agreement, Section 8(D)).

We expect to expend most contributions to the Fund for advertising during the fiscal year when the contributions are made. Any unspent accrued Marketing Fund Contributions for any calendar year will be used in the next calendar year. If we expend less than the total sum available in the Fund during any fiscal year, we may either expend the unused sum during the following fiscal year or rebate all or a portion of the unused sum to franchisees on a pro rata basis for them to spend on local advertising and promotion. If we advance and expend greater than the amount available in the Marketing Fund in any fiscal year (in addition to any sum required to be expended because we did not expend all the sums in the Fund during the preceding year), we will be entitled to reimburse ourselves from the Fund during the following fiscal year for any such advances (with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which Franchisor advances and expends any such sum). (Franchise Agreement, Section 8(D)).

Within sixty (60) days following the close of our fiscal year, we will prepare (but not audit) a statement detailing Fund income and expenses for the fiscal year just ended. We will send you a copy of this statement upon request.

We may use any media, create any programs and allocate advertising funds to any regions or localities in any manner we consider appropriate in our business judgment. The allocation may include rebates to individual franchisees of some or all of their Fund contributions for local advertising expenditures if, in our judgment, its national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If we determine that the total Marketing Fund Contributions collected from all Angelina Italian Bakery franchisees and company-owned Angelina Italian Bakery Stores is insufficient to sustain a meaningful regional or national advertising campaign, Franchisor may rebate all or a portion of the Fund contributions to franchisees and us (or our Affiliates') company-owned Angelina Italian Bakery Stores on a pro rata basis. Franchisees must expend any rebate on the types of local advertising and media that we determine. All rebate advertising expenditures must be documented to us in a monthly rebate advertising expenditure report form which we will furnish in our Manual or otherwise. (Franchise Agreement, Section 8(D)).

Although the Marketing Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Marketing Fund, however, until all money in the Marketing Fund has been spent for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. (Franchise Agreement, Section 8(D)).

On the date of this Franchise disclosure document, the Marketing Fund has not been formed. We will not collect contributions to the Marketing Fund until it is formed. We and our affiliate's company-owned stores will contribute to the Fund generally on the same basis as you will for Angelina Italian Bakery Stores that we or they operate, except that we may, in our sole discretion, allow Angelina Italian Bakery Stores operating in certain "Nontraditional Locations" to contribute less or differently to the Fund (whether the Angelina Italian Bakery Stores are company-owned, affiliate owned or franchisee owned). A "Nontraditional Location" includes any mall (defined as an enclosed retail space consisting of 250,000 or more square feet); airport; train or bus station; hospital; school, college, university or other educational institution; hotel, resort, or other lodging facility; casino or gambling establishment; amusement park; state or national park; stadium; sports arena; highway plazas or rest stops; military base; exhibition hall, conference facility or convention center or similar venue. (Franchise Agreement, Section 8(D)).

Regional Marketing Cooperatives

There are no advertising cooperatives. The Franchise Agreement does not give us the power to require advertising cooperatives to be formed, changed, dissolved or merged.

Advisory Council

We reserve the right to form an advisory council to assist us with various components of our System, including products and services offered by Stores, marketing and promotion, training, and other aspects of the System. If we create an advisory council, it will act in an advisory capacity only and will not have any decision making authority whatsoever; our decisions will be final, and we will have no liability to the advisory council or any franchisee with respect to any decision we make. We will have the right to form, change, merge and dissolve any advisory council at any time in our sole discretion. (Franchise Agreement, Section 8(H)).

Members of an advisory council will include our representatives and franchisee representatives. The franchisee representatives may be chosen by us or may be elected by other franchisees in the System, at our sole discretion. If you are chosen and agree to participate on an advisory council, you will pay all costs and expenses you incur related to your participation, including travel, lodging and meals expenses for attending council meetings. (Franchise Agreement, Section 8(H)).

Gift Card and Loyalty Programs

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the System and sign the forms and take the other actions we require for you to participate in these programs. (Franchise Agreement, Section 8(A)(1)).

Merchandise Materials

We may, from time to time provide to you (or have our designated 3rd-party vendor provide to you) certain merchandising materials identifying the System and to support national promotions, such as menu panels, point of purchase advertising materials, System memorabilia and other brand-relevant merchandise. You will be required to pay the cost for these materials, including shipping and insurance.

Computer System, POS System and Security System Requirements

Before your Store opens, you must procure, install and maintain, at your expense, the computer hardware, software (including, without limitation, point of sale software), wired and/or wireless internet connections and service, required dedicated telephone and power lines and other computer and security related accessories, peripherals and equipment (collectively, the “Computer, POS and Security System”) we require for the operation of your Store and specify in the Manual or otherwise in writing. The Computer, POS and Security is comprised of three components: (i) the POS System, (ii) the Computer System and (iii) the Security System.

For the point of sale system (the “POS System”), you are required to buy at least two POS Systems approved by us from our designated supplier and which meet our then-current specifications and standards for use in each Store. The main functions of the POS System are to act as a cash register and collect and manage information about the various sales transactions at your Store, including detailed sales data, inventory, prices, coupons, taxes and other sales information. (Franchise Agreement Section 7(R)). You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standard. You must also maintain Internet service that allows you an unlimited Internet connection, email and online communication abilities as we require. We estimate that the initial cost for the POS System will be between $10,000-$14,000, including installation and maintenance fees.

You must install and run the POS software. This software is used to compile and manage Store sales and inventory data. This data gets uploaded to our server to confirm that the fees you have paid are correct. You must pay a software fee (the “Software Fee”) of $350 per month and an annual software maintenance fee (the “Software Maintenance Fee”) of $100 to our Approved Supplier. The Software Fee and Software Maintenance Fee are not included in the cost of the POS System that you are required to purchase.

You must also install and maintain at least one laptop or desktop computer at the Store for general business purposes. The computer must be equipped with computer hardware components, software, and peripherals (such as printer and scanner) that we require. We estimate that the computer hardware, a printer/scanner, and general accounting and/or bookkeeping software and word processing software (the “Computer System”) will have an initial cost between $800-$2,000. We also require you to purchase a security system with closed-circuit television which meets our standards and specifications (the “Security System”). We estimate that the Security System will have an initial cost between $2,000-$5,000, assuming that you purchase digital cameras a part of your Security System package. If you elect to purchase higher quality cameras (like IP security cameras), which we do not require, then the initial cost of your Security System will likely exceed our Security System cost estimate. (Franchise Agreement Section 7(R)). You must also purchase support for your Security System. We estimate that the cost of a maintenance or support service contract for the Computer System about $200 per year and the Security System about $200 per year, but you will need to contact your vendor or Approved Suppliers to determine the scope of the services they offer and the actual cost of those services.

We have no obligation to provide you with any maintenance, repairs, upgrades or updates for your, Computer, POS and Security System. You must keep your Computer, POS and Security System in good repair. Modes of computerization and communication are rapidly evolving. Accordingly, you must, at your expense, purchase, install and utilize at your Store such later developed modes of computerization, communication, media and/or interfaces as we, in our discretion, determine to incorporate into the System. If we run tests and determine that the installation will benefit you and us, you must install (at your own expense) whatever additions, changes, substitutions and replacements to your computer hardware, software, telephone and power lines, etc. we direct. You must install these items when we direct. You will pay for these items at the time and upon the terms that the sellers specify. You are contractually required, at your expense, to upgrade and update the Computer, POS and Security System to remain in compliance with our standards and specifications. There is no contractual limit on our ability to require you to upgrade, add components to, and replace components of the Computer, POS and Security System. There may be additional fees associated with upgrades to the Computer, POS and Security System. (Franchise Agreement, Section 7). There are no contractual limitations on the frequency and cost of this requirement.

We have the right to electronically and manually access the information that the Computer, POS and Security System generates. You must provide all assistance we require to bring your Computer, POS and Security System online with our headquarters computer at the earliest possible time and to maintain this connection as we require. You must input and maintain in your Computer, POS and Security System all data and information which we prescribe in our Manual, in our proprietary software and manuals (if any), and otherwise. We will have independent access to and may retrieve all of the sales information and data produced by your POS System. You must accurately, consistently and completely record, structure, capture and provide through the Computer, POS and Security System all information concerning the operation of your Store that we require, in the form and at the intervals that we require. There are no contractual limitations on our right to access this information and data. You will be responsible for all costs associated with any computer systems including accessing the Internet. (Franchise Agreement, Section 7(R)).

We reserve the right to discontinue any service or support we may offer for any system at any time for any reason or to change any required vendors for the products or services at any time for, any reason. Your equipment will not function properly within our system without the required upgrades. You must replace, upgrade and maintain these systems at your sole expense. (Franchise Agreement, Section 7(R)).

Except for providing you with a list of our Approved Suppliers and any applicable specifications and standards, we are not obligated to provide or assist you in obtaining any of the above items or services. You must install Internet navigation software and maintain a high speed (DSL or cable at least 100 mbps uploading speed or higher) Internet connection (with e-mail capability). You must also install a telephone system at the Store that meets our specifications.

Website and Social Media

You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Store; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Angelina Italian Bakery" name or any confusingly similar name.

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the Angelina Italian Bakery System. We have established, or may establish, one or more websites that provide information about the System and the products and services offered by Angelina Italian Bakery Stores. We have sole discretion and control over our website (including timing, design, contents and continuation). We may use part of the Marketing Fund monies we collect under to pay or reimburse the costs associated with the development, maintenance and update of our website.

We may (but are not required to) include at the website a location subpage containing information about your Angelina Italian Bakery Store. If we include such information on our website, we may require you to prepare (or pay us or a third party to prepare) all or a portion of your Store's subpage, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. You must routinely provide us with updated copy, photographs and news stories about your Store suitable for posting on your subpage. We will specify the content, frequency and procedure of these in our Manual. Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Angelina Italian Bakery Stores – also be devoted in part to offering Angelina Italian Bakery franchises for sale and be utilized by us to exploit the electronic commerce rights which we reserve.

We also shall have the sole right (but no obligation) to develop an intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop such an intranet, you agree to use the facilities of the intranet in strict compliance with the standards, protocols and restrictions that we include 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).

You are prohibited from using any Social Media Platform (defined as web-based platforms such as Facebook, Twitter, LinkedIn, Instagram, TikTok, Foursquare, blogs and other social networking and sharing sites) or using Social Media Materials (defined as any material on any Social Media Platform that makes use of our Marks, name, brand, products or your franchise whether created by us, you or a third-party). (Franchise Agreement, Section 7(S)).

Operations Manual

After you execute the Franchise Agreement, we will provide you with access to a copy of our Manual. We consider the contents of the Manual to be proprietary, and you must treat them as confidential. The Manual contain mandatory and suggested specifications, standards and operating procedures. The Manual are highly confidential, are on loan to you and remain our property. You may not make any copies of the Manual. We may revise the Manual from time to time by posting the revisions electronically or by letter, memorandum, bulletin, electronic mail or by other written or electronic communication, including the Internet. You must abide by all revisions. You are prohibited from copying or distributing the Manual in any manner whatsoever. You must only use the information contained in the Manual to manage the Store and may not use such information for any other purpose. Our Confidential Operations Manual comprises of a total of 63 pages. The following is the Table of Contents of our Confidential Operations Manual as of the date of this disclosure document:

TOPIC	NUMBER OF PAGES
1. Cover	1

TOPIC	NUMBER OF PAGES
2. Acknowledgment of Receipt and Notice of Confidentiality	1
3. Introduction	1
4. Table of Contents	1
5. Food Safety	10
6. Back of the House	3
7. Front of the House	5
8. Inventory Control	5
9. Managerial Duties	15
10. Personnel	16
11. Safety	4
12. Back Cover	1
TOTAL PAGES	63

Training

Initial Training Program; Personnel Training

At least 30 days prior to the date your Store opens for business to the public ("Opening Date"), you (if franchisee is an individual), your Operating Principal (if franchisee is a business entity) and Store Manager must have attended and satisfactorily completed our four (4) week initial training program (the "Initial Training Program"). (Franchise Agreement, Section 6(B)). The following is a description of our Initial Training Program as of the issuance of this disclosure document:

INITIAL TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Intro to Angelina Italian Bakery	0.5	0	Corporate Office, New York, NY
Franchise System	0.5	0	Corporate Office, New York, NY
Management of Books	1	0	Corporate Office, New York, NY
Operations Manual - Food Safety - Front of the House	3	0	Corporate Office, New York, NY

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
- Back of the House - Managerial Duties Customer Service Menu Introduction			
Marketing Strategy	1	0	Corporate Office, New York, NY
Interior Design	1	0	Corporate Office, New York, NY
Hands-on & Execute, Front of House - Menu Orientation - Management Function - Customer Service - Back Office Operation	0	20	Corporate Office, New York, NY
Hands-on & Execute, Back of House - Equipment & Maintenance Duties - Food Safety & Hygiene - Menu Preparation - Baking Skills - Ordering & Receiving - Quality Control	0	124	Corporate Store, New York, NY
Training Summary and Test	0	4	Corporate Office, New York, NY
Total	6.5	148	

In addition to attending and satisfactorily completing the franchisor's Initial Training Program, the Operating Principal must also attend and successfully complete a mandatory sixty (60) day training program ("Owner Training Program") prior to opening your Store that extends and supplements topics covered in our Initial Training Program. The following is a description of our Owner Training Program as of the issuance of this disclosure document:

OWNER TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Hands-on & Execute, Front of House - Menu Orientation - Management Function - Customer Service - Back Office Operation	0	168	Corporate Office, New York, NY
Hands-on & Execute, Back of House - Equipment & Maintenance Duties - Food Safety & Hygiene - Menu Preparation - Baking Skills - Ordering & Receiving - Quality Control	0	180	Corporate Store, New York, NY
Training Summary and Test	0	6	Corporate Office, New York, NY
Total	0	354	

Two (2) of your operations personnel and three (3) food production personnel must attend specialized training before you open your Store and such personnel commence their employment. Your two operations personnel will attend a one week operations training program at our training center, and three (3) of your food production personnel must attend a four week training program at our company store (collectively, the "Personnel Training Program"). If any of your food production personnel are unable to pass our food production test, they will be required to attend additional training at no cost to you. If the opening date for your first Store is more than one month after your Initial Training Program has ended, we may require your operations personnel and food production personnel to attend additional on-the-job training for a time period to be determined by us. There is no fee for this additional on-the-job training, but you must pay the living, transportation and meal costs and expenses for you and your personnel to attend.

Our Initial Training Program, Owner Training Program and Personnel Training Program is offered as needed during the year at our corporate headquarters located in New York, New York depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Angelina Italian Bakery Stores. The instructional materials used in training may include manuals, PowerPoint presentations, handouts, demonstrations, quizzes, classroom lectures and discussions. Our training will be conducted by qualified members of Angelina Italian Bakery staff who have a minimum of three (3) to five (5) years of experience in the subject taught and in our (or our affiliates') operations. We may also draw upon the experience of other training professionals.

The Initial Training Program is mandatory for you (if franchisee is an individual), your Operating Principal (if franchisee is a business entity) and Store Manager. The Owner Training Program is mandatory for you (if the franchisee is an individual) or your Operating Principal (if the franchisee is a business entity). The Personnel Training Program is mandatory for two (2) of your operations personnel and three (3) of your food production personnel. In our sole discretion, personnel with prior experience may not be required to undergo the full Initial Training Program or Personnel Training Program (as applicable). We reserve the right to eliminate, modify or decrease the Initial Training Program, Owner Training Program and/or Personnel Training Program for employees with prior experience.

You (if franchisee is an individual), your Operating Principal (if franchisee is a business entity) and Store Manager must attend and successfully complete (to our satisfaction) our Initial Training Program prior to the opening of the Store You (if franchisee is an individual) or your Operating Principal (if franchisee is a business entity) must attend and successfully complete (to our satisfaction) our Owner Training Program prior to the opening of the Store. Your operations personnel and food production personnel must attend and successfully compete (to our satisfaction) our Personnel Training Program prior to your Store's opening. The cost of the instructors and training materials that we provide for our Initial Training Program, Owner Training Program and Personnel Training Program are included in the Initial Franchise Fee, but you must pay all expenses you, your Operating Principal, Store Manager and your operations and food production personnel incur in attending the Initial Training Program, Owner Training Program or Personnel Training Program (including, without limitation, the costs of travel, lodging, meals and wages). (Franchise Agreement Section 6(B)).

If you, or your Operating Principal and Store Manager fail to successfully complete (to our satisfaction) the Initial Training Program and/or Owner Training Program, then such failure will be deemed a material and incurable breach that entitles us to terminate the Franchise Agreement immediately upon notice to you, without granting you an opportunity to cure. If we terminate the Franchise Agreement, you must sign a General Release in the form of Attachment H to the Franchise Agreement. All fees paid to us will be deemed fully earned and will not be refunded.

If you appoint an Operating Principal or Store Manager after your Store opens, such replacement Operating Principal or Store Manager must attend and successfully complete (to our satisfaction) our Initial Training Program and Owner Training Program at no cost to you. While there is not a fee for the replacement training, you are responsible for paying for the transportation, lodging and meal expenses of your replacement Operating Principal and/or Store Manager. If you replace any of your operations and/or food production personnel, such replacement personnel must attend our Personnel Training Program. There is no cost for such replacement Personnel Training, but you must pay the transportation, lodging and meal expenses of your replacement personnel.

Ongoing Training

We may periodically conduct ongoing training. Such ongoing training may occur up to 12 times per year, the purpose of which is to update you, your Operating Principal, Store Manager and your operations and food production personnel on new products and developments. If we do so, you (if franchisee is an individual), your Operating Principal (if franchisee is an entity), Store Manager, your operations personnel and/or food production personnel, such individuals are required to attend. There is no training fee for attending such ongoing training, but you must pay your attendees' living, travel and meal costs and expenses for attending the ongoing training, plus the attendees' wages. The failure for you (if franchisee is an individual), your Operating Principal (if franchisee is an entity), Store Manager, operations personnel and/or other food production personnel to attend any mandatory ongoing training will be treated as a default under the Franchise Agreement. (Franchise Agreement Section 6(F)).***Annual Conferences and Meetings***

We do not currently hold any annual conferences or meetings, but we may do so in the future. If we do, then you are responsible for paying our then-current conference registration fee and all travel, food, and lodging expenses that you and your eligible personnel incur in attending the annual conference or meeting.***Opening Training and Assistance***

Upon the opening of your Angelina Italian Bakery Store, we will provide you with up to five (5) days of opening on-site training and assistance surrounding the opening of your Store (the "Opening Training and Assistance"), commencing two (2) days before your Store's opening. While we will not charge you for the cost of our Opening Training and Assistance, you must reimburse us for any travel, lodging, meals expenses incurred by our personnel. ***Additional On-Site/Off-Site Assistance and Remedial Training***

If you ask and/or if we believe it is appropriate or necessary in our sole discretion, we will (subject to availability) provide the support services, supervision and/or assistance through on-site visits, on-site remedial training, off-site sessions, telephonic, electronic or other communication modes. If we conduct on-site visits or remedial training, such visits or training will take place at your Store or at our training facility and you will be required to pay us the per diem fee of $1,500 per week for such on-site visit or remedial training, plus reimburse us for the expenses incurred by our personnel and your attendees (including, their respective costs of travel, lodging and meals). You may also be required to attend remedial training at our training facility if you fail a quality control inspection, in which case, you must pay us the per diem fee of $1,500 per week for such remedial training. You may also (at any time) communicate with our headquarters for consultation and guidance with respect to the operation and management of your Store; we will not charge you for such consultation or guidance. The timing of our field support and headquarter consultation services will be subject to the availability of our personnel.

ITEM 12
TERRITORY

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 gives you the right to operate an Angelina Italian Bakery Store at the Store Location within a designated Protected Area. "Store Location" means a location you select and we approve, from which you will conduct your Angelina Italian Bakery Store. Your Protected Area will be a certain radius around your Angelina Italian Bakery Store. The actual size and shape of the Protected Area will be determined based on whether your Store Location is situated in an urban, suburban or rural area. If your Store Location is situated in an urban area, then your Protected Area will be a 1/10 of a mile radius surrounding the Store Location. If your Store Location is situated in a suburban or rural area, then the Protected Area will be a 3 mile radius surrounding the Store Location. As long as you are in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, we and our affiliates will not establish or authorize anyone except you to establish an Angelina Italian Bakery Store within the Protected Area identified in Attachment A of the Franchise Agreement during the term of the Franchise Agreement.

Continuation of your Protected Area does not depend on the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances that would permit us to modify your territory rights during the term of the Franchise Agreement, but we may modify your Protected Area upon entering into a successor term. You do not receive the right to acquire additional franchises within or outside of your Protected Area.

You must operate the Store only at the Store Location. You may not actively solicit or accept business from consumers located outside your Protected Area through any method of distribution, including alternative channels such as the Internet, catalog sales, telemarketing, or other direct marketing. You cannot relocate the Store without our consent. If you lose possession of the Store Location through no fault of your own, you must apply to us within 30 days for our approval to relocate your Store. You must relocate to another site in the Protected Area. You must pay us a Relocation Fee equal to 25% of our then-current Initial Franchise Fee, plus you must reimburse us for any reasonable costs we incur in considering any relocation request and assisting Franchisee in relocating the Store, including labor, salary, travel, professional fees, demographic reports, an additional Architectural Consulting Fee and Construction Consulting Fee (if applicable). We will grant approval if you are in compliance with the Franchise Agreement, you have paid all money owed to us and our affiliates, the proposed location meets our site selection criteria, and you comply with the lease requirements in the Franchise Agreement. We may, if we wish, inspect your proposed new location.

You may not conduct delivery and catering from your Store, unless you secure our prior written approval (which we can withhold for any reason) and comply with our then-current standards regarding same (including, without limitation, the use of specified approved delivery service providers and the execution of required third-party agreements in accordance with same). Catering or delivery activities are authorized only (i) upon our advance written consent and in our sole discretion, if we believe your Store and personnel have the experience and know-how to do so successfully, (ii) from your Store Location, and (iii) in strict compliance with our System standards and specifications and so long as you do not advertise or market catering or delivery services in any area outside of your Protected Area. We may withhold our consent to permit you to offer catering and/or delivery services from your Store for any or no reason. If we permit you to offer catering and/or delivery services, you will have the non-exclusive right to cater and/or deliver products to customers within your Protected Area. If, at any time, you are unable to meet customer demand for catering and delivery services or if the catering or delivery services do not comply with our System standards, then we may prohibit you from providing such services by withholding or rescinding its consent and may provide or allow others (including, other franchisees or us) to provide catering and delivery within your Protected Area and you will not be entitled to any compensation in connection with this.Your Angelina Italian Bakery Store may only offer and sell its products and services in, at and from your Store Location situated within your designated Protected Area. Your Store may not sell any products or services through any alternative channels of distribution, such as the internet/worldwide web and other forms of electronic commerce; “800” or similar toll-free telephone numbers; supermarkets, grocery stores or convenience stores; mail orders; catalogs; telemarketing or other direct marketing sales; or, any other channel of distribution except for your franchised Angelina Italian Bakery Store at the Store Location situated within your Protected Area.

While the Franchise Agreement is in effect, we and our affiliates will not, in your Protected Area, operate a company-owned Angelina Italian Bakery Store, or grant a franchise for an Angelina Italian Bakery Store, except as described below. We and our affiliates can operate any number of Angelina Italian Bakery Stores, and/or authorize others to operate them, at any location, including locations that may be proximate to, adjacent to or abutting the boundary of your Protected Area. We and/or our affiliates may engage in any type of business activity anywhere (including in or outside of the Protected Area) except as we are restricted as described in the preceding paragraph. The Franchise Agreement does not confer upon you any right to participate in or benefit from any other business activity, whether it is conducted under the Marks or not. For example, we and/or our affiliates may own, operate or authorize others to own or operate any type of business at any location, including an Angelina Italian Bakery Store immediately approximate to your boundary of your Protected Area. You will receive no compensation for these businesses' sales.

Only we and/or our affiliates have the right to sell anywhere within and outside your Protected Area, under the Marks, any and all products or services and/or their components or ingredients -- including those used or sold by your Angelina Italian Bakery Store -- through any alternative method of distribution other than an Angelina Italian Bakery Store situated within your Protected Area, including the internet/worldwide web; any other form of electronic commerce; "800" or similar toll-free telephone numbers; supermarkets, grocery stores and convenience stores; mail order; catalogs; telemarketing or other direct marketing sales; television sales (including "infomercials"); or, any other channel of distribution except an Angelina Italian Bakery Store. You will receive no compensation for our or our affiliates' sales through alternative distribution channels.

We and/or our affiliates alone have the right to offer and sell (directly, or through other franchisees or licensees) Angelina Italian Bakery System programs, products and services at any and all nontraditional locations, including, nontraditional locations situated in the Protected Area, through the establishment of traditional Angelina Italian Bakery Stores, limited service Angelina Italian Bakery Stores, kiosks, mobile units/food trucks, concessions or "shop in shops". "Nontraditional Locations" include sports arenas and venues; any mall (defined as an enclosed indoor or outdoor retail space consisting of 250,000 or more square feet); mall food courts; airports; food retailers (including supermarkets, grocery stores and convenience stores); theatres; airlines, railroads and other modes of mass transportation; hospitals and healthcare facilities; schools, colleges, universities or other educational institutions; hotels, resorts or other lodging facilities; cruise ships; amusement parks; state or national parks; exhibition halls, conference facilities or convention centers; casinos or gambling establishments; government facilities; condominiums and cooperative complexes; military bases and installations; highway plazas or rest stops; the premises of any third party retailer; gas stations or toll road service areas; and, any other location or venue to which access to the general public is restricted. You will receive no compensation for our or our affiliates' sales at Nontraditional Locations.

Within and outside the Protected Area we and/or our affiliates alone have the right to sell Angelina Italian Bakery System programs, products and services to national, regional and institutional accounts. "National, Regional and Institutional Accounts" are organizational or institutional customers whose presence is not confined to the Protected Area, including (by way of example only): business entities with offices or branches situated both inside and outside of the Protected Area; sports leagues or divisions; government agencies, branches or facilities; guest lodging networks; healthcare networks; the military; and, any other customer whose presence is not confined to the Protected Area. Only we will have the right to enter into contracts with National, Regional and/or Institutional Accounts (which may include facilities within the Protected Area). If we receive orders for any System programs, products or services calling for delivery or performance in the Protected Area as a result of us engaging in commerce with National, Regional and Institutional Accounts, then we will have the right, but not the obligation, either to require you to fulfill such orders at the price we agree on with the customer or to give you the opportunity to fulfill such orders at the price we agree on with the customer. If we give you the opportunity to fulfill such orders and if, for any reason, you do not desire to or cannot serve the customer, or if the customer desires for any or no reason to deal exclusively with us, our affiliate or another franchisee and not with you, then we, our affiliate or any other one of our franchisees may serve the customer within the Protected Area, and you will not be entitled to any compensation.

We may purchase, acquire, merge, be acquired by or affiliate with any existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and following such activity we may operate, franchise or license these businesses and/or facilities under the Marks outside of the Protected Area, or under any names or marks other than the Marks within the Protected Area and may operate that business.

Under the terms of the Franchise Agreement, you waive and release any claims, demands or damages arising from or related to any of the above activities.

We and our affiliates have not established and do not currently intend to establish any other franchises, company-owned outlets or other distribution channels offering similar products or services under a different trademark anywhere in the United States, but we may do so in the future.

There is no minimum sales quota. There are no restrictions on our right to solicit or accept business from consumers inside the Protected Area without paying any compensation to you. You have no options, rights of first refusal or similar rights to acquire additional franchises at any location, although you may apply for the right to operate additional Angelina Italian Bakery Stores under separate franchise agreements.

ITEM 13
TRADEMARKS

The principal commercial symbol which we will license to you appears on the cover of this disclosure document. "Marks" means our symbols, trademarks, service marks, logotypes and trade names.

The following is a description of the principal Marks we will license you, which have been registered on the Principal Register of the United States Patent and Trademark Office:

Federal Registrations

Mark	Registration Number	Description of Mark	Principal or Supplemental Register	Registration Date
	6045364	ITALIAN BAKERY (Words and Design)	Principal	May 5, 2020

Mark	Registration Number	Description of Mark	Principal or Supplemental Register	Registration Date
	6337656	ANGELINA ITALIAN BAKERY (Words and Design)	Principal	May 4, 2021
	6337655	ANGELINA ITALIAN BAKERY (Words and Design)	Principal	May 4, 2021
	6337654	ANGELINA ITALIAN BAKERY (Words and Design)	Principal	May 4, 2021
BRISSANT	6252761	BRISSANT (word mark only)	Principal	January 19, 2021

There are presently no effective determinations of the U.S. Patent and Trademark Office, any trademark trial and appeal board, any state trademark administrator or any court, any pending infringement, opposition, or cancellation proceeding, or any pending material litigation involving any of the above-referenced Marks which is relevant to your use. On April 8, 2020, Angelina TM Holding, Inc. ("Holdings") entered into a Coexistence Agreement with Angelina, a société anonyme located in Paris France ("ASA"). ASA claims to own and operate restaurants, tearooms, boutiques and an online retail website under the mark ANGELINA PARIS MAISON FONDÉE EN 1903 (Registration No. 4779607) that specialize in French hot chocolate, spreads, teas, biscuits, confectionary goods, cakes and pastries, and cuisine. To minimize the possibility of consumer confusion between ASA's trademark and our Marks, Holdings and ASA agreed (among other things) that (i) Holdings will only use the Angelina Italian Bakery mark in connection with the silhouette design; (ii) the storefronts for all retail Angelina Italian Bakery Stores will only bear the Angelina Italian Bakery mark with the silhouette design and if the storefront contains colors, such colors will be limited to a combination of brown and a shade of green or blue; and (iii) Holdings will not use the Marks in any manner likely to cause or suggest that the Marks and ASA's trademark are associated with one another. Other than the Coexistence Agreement, there are no agreements which significantly limit our rights to use or sublicense the Marks. There are no infringing uses or senior trademark rights known to us that can materially affect your use of the Marks in any other state in which the Store is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Mark. No affidavits have yet been required to be filed and none have been filed. All required declarations and renewals have been filed with the U.S. Patent and Trademark Office on a timely basis to maintain the subsisting registrations.

Angelina TM Holdings Inc. has licensed us the rights to use the Angelina Italian Bakery System, Angelina Italian Bakery trademarks, service marks and other intellectual property and to sublicense them to our franchisees in a cross-license agreement effective as of March 26, 2021 (the "Cross-License Agreement").

The initial term of the Cross-License Agreement is twenty years. The non-exclusive territory of the Cross-License Agreement is the United States, its territories and possessions. There are no provisions in the Cross-License Agreement regarding cancellation of that agreement. So long as we are not in default, we will have the right to enter into renewal Cross-License Agreements for additional consecutive terms of twenty (20) years each.You have no other rights in our Marks. We may modify or discontinue use of any of our Marks or may add new Marks for use in the System and you will be required to make corresponding updates to your business, including signage and advertising materials. We do not have to compensate you for the costs of such updates. You must use our names and marks in the manner we direct. You cannot use our Marks for any other purpose.

You may not use the mark "Angelina Italian Bakery", "Angelina" or any other Marks licensed by us in your own corporate or entity name.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must immediately notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. You and your Principals must agree not to communicate with any person other than us, any designated affiliate and our or their counsel about any infringement, challenge or claim of this type. You may not settle or compromise any of these claims without our previous written consent. We will have the right to defend and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. Under the Franchise Agreement, you irrevocably grant us authority to defend or settle these claims. You may participate at your own expense, but our decisions with regard to the defense or settlement will be final. You must execute all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding of this type or to otherwise protect and maintain our or their interest in the Marks. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks in violation of the Franchise Agreement.

If you learn that any third party whom you believe is not authorized to use the Marks is using the Marks or any variant of the Marks, you must promptly notify us. We will determine whether or not we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

You must agree not to contest our interest in the Marks and/or in other System trade secrets. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so. You acknowledge that our names and Marks are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of our Marks. You further must agree not to hinder or prevent us from using or franchising our names and marks in any jurisdiction. You must acknowledge that all goodwill which may arise from using our Marks is and will remain our sole and exclusive property and will inure solely to our benefit.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Proprietary Mark or use one or more additional or substitute Marks at your expense. You must comply with any instruction by us to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We hold no patents and we have no pending patent applications that are material to the franchise.

Copyrights

We have not registered any copyrights with the United State Copyright Office.

We do claim copyright protection and proprietary rights in the original materials used in the System, including our logos, menus, Manual, bulletins, correspondence and communications with our franchisees, training, certain software, forms, advertising and promotional materials, and other written materials relating to the operation of Angelina Italian Bakery Stores and the System.

There are no presently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. Also, there are no currently effective agreements that limit our right to use and/or license any of our copyrights discussed above. We are not obligated by the Franchise Agreement or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them in the state of our principal place of business or in the state in which the Store will be located.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Marks described in Item 13 of this disclosure document. We treat all of this information as trade secrets, and you must treat any of this information we communicate to you confidentially.

Confidential Information

You may never – during the Initial Term, any Successor Term, or after the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. You, your Principals (including Operating Principals) and each of their respective spouses must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You, your Principals (including Operating Principals) and each of their respective spouses must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You, your Principals (including Operating Principals) and each of their respective spouses can give this confidential information only to your employees who need it to operate your Angelina Italian Bakery Store.

Under the Franchise Agreement, the following persons must sign our form of Confidentiality/Non-Competition Agreement (annexed to the Franchise Agreement as Attachment C-1):

- Before employment or any promotion, your Store Manager and all other managerial personnel; and
- If you are a business entity, and as applicable, all of your owners, equity holders, control persons, shareholders, members, partners and general partner(s); all of your officers, directors and managers; and all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls you.

Under the Franchise Agreement, all of your non-managerial personnel must sign our Confidentiality Agreement (C-2 to the Franchise Agreement).

Our confidential information will include information, knowledge, trade secrets or know-how used or embraced by the Angelina Italian Bakery System, the Manual, and many other matters specified in the Franchise Agreement.

If you or your Principals, Store Managers or other personnel develop any new concept, process, improvement, intellectual property, services, products, equipment, programs, sales, marketing, advertising and promotional programs, campaigns or materials or sales methods (collectively, "Process or Improvement") in the operation or promotion of your Angelina Italian Bakery Store, you must promptly notify us and give us all necessary information about such new Process or Improvement, without compensation. You must irrevocably license to us all Processes or Improvements, and all such Processes or Improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate. We will not be liable to you in any way because of this license.

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

If you are an individual, you must serve as the Operating Principal and if you are a franchisee entity, then you must designate an individual who holds at least a 10% ownership interest in the franchisee entity, unless we consent otherwise. The Operating Principal will have complete decision-making authority with regard to your Store and must have full and complete authority to alone, in all respects, act on your behalf under the Franchise Agreement and to, alone, bind you without any need for approval, authorization or resolution. The Operating Principal's interest may not be pledged, mortgaged, hypothecated, or be subjected to any lien, charge, or encumbrance, voting agreement, proxy, security interest or purchase right or option, without our consent.

Your Operating Principal must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement and may not engage in any other business. Specifically, the Operating Principal will oversee compliance with our brand standards and be in charge of all dealings with us and such other obligations and responsibilities as set forth in the Manual. Your Operating Principal is the sole individual with whom we will be required to communicate when we seek to communicate with you.

The Operating Principal must meet our qualifications and must be approved by us. The Operating Principal for all Angelina Italian Bakery Stores operated by you and, if applicable, your affiliates, must be the same person, and the same person must act as your Operating Principal under all Franchise Agreements between us.

In addition, if you are an individual, you must, subject to our written consent, either serve as or designate a Store Manager to supervise your Store operations. If you are a business entity, your Operating Principal must serve as or designate a Store Manager to supervise your Store's operation. Specifically, the Store Manager will be responsible for managing the day-to-day operations at your Store, will exercise on-premises supervision and personally participate in the direct operation of the Store and such other obligations and responsibilities as set forth in the Manual. You must inform us in writing of your Store Manager and any replacement Store Manager in advance. We must approve your Store Managers before you appoint them. The Store Manager must attend and successfully complete (to our satisfaction) our Initial Training Program. Your Store Manager must sign our form of Confidentiality/Non-Competition Agreement (annexed to the Franchise Agreement as Attachment C) before commencing his or her employment and must keep our confidential and proprietary information confidential. Although you will designate a Store Manager to supervise your Store's operations under the Franchise Agreement, your Operating Principal remains ultimately responsible for the Store Manager's performance.

You must notify us promptly if your Operating Principal or Store Manager cannot continue to serve or no longer qualifies as an Operating Principal or a Store Manager. You will have thirty (30) days from the date of the notice (or from any date that we independently determine the Operating Principal or Store Manager no longer meets our standards) to take corrective action. During that thirty (30) day period, you must provide for interim management of your operations subject to our approval and in compliance with the Franchise Agreement. If you fail to do so, then we will have the right to step in and operate your Store for a Management Fee until such time that interim management approved by us is provided.

If you are a business entity, each owner holding an interest in you (each a "Principal") must sign a Guaranty in the form of Attachment D to the Franchise Agreement, guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition.

You must have at least one (1) Store Manager on duty at the Store during all hours of operation. That person may be your Operating Principal or may be someone trained and supervised by your Operating Principal.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must at all times offer and sell all products, services and programs which we designate as part of the Angelina Italian Bakery System, unless you are prohibited by local law or regulation from selling a menu item, product, service or program or we have granted you our advance written approval to exclude a menu item, product, service or program. You must sell only the products and services that we have expressly approved in writing. All products and services you use or sell at the Store must conform to our System standards. (See Item 8). These are described in our Manual and other writings. You must not deviate from our System standards and specifications, unless we first give you our written consent. You must follow our production methods and our recipes. You must stop selling any products or services that we disapprove in writing. We have the absolute right to remove all unapproved products, goods and materials from Angelina Italian Bakery Stores.

If you would like to sell any product, service or program which is not a part of the System, then you must seek and obtain our advance written permission. If we grant our advance written approval, then the product, service or program in question will become a part of the System (though we will not be required to, but may, authorize it for sale at one or more other Angelina Italian Bakery Stores). We may subsequently revoke our approval. We will own all rights associated with the product, service or program. You will not be entitled to any compensation in connection with this.We may add to, delete from or modify the services, products and programs which you can and must offer or we may modify the System. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes.In addition to modifications of the System, we may incorporate into the System products, services or programs which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which your Angelina Italian Bakery Store, along with other Angelina Italian Bakery Store s, will be required to offer and sell (collectively, "Co-Branding"). This Co-Branding may involve changes to the Marks and may require you to modify the building and premises of your Angelina Italian Bakery Store and the furnishing, fixtures, equipment, signs and trade dress at your Angelina Italian Bakery Store. If you receive written notice of our institution of Co-Branding, you must implement the Co-Branding at your Angelina Italian Bakery Store. The Franchise Agreement does not place any limit on our rights of to require you to make changes for Co-Branding.

You may only sell Angelina Italian Bakery System products and services at retail from your Store, and you may not engage in the wholesale sale and/or distribution of any Angelina Italian Bakery product, service, equipment or other component, or any related product or service or any component or ingredient of any of the foregoing which now or in the future constitutes part of the System. "Retail sale" means any sale by Franchisee directly to an ultimate consumer. "Wholesale sale or distribution" means any sale or distribution by Franchisee to a third party for resale, retail sale, or further distribution. "Component" means any constituent part, ingredient, element, segment or derivative.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

<u>THE FRANCHISE RELATIONSHIP</u>

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to the successor terms, termination, transfer and dispute resolution. You should read these provisions in the Agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 4(A)	Unless sooner terminated in accordance with its provision, the initial term ("Initial Term") of the Franchise Agreement is ten (10) years, commencing on the effective date of the Franchise Agreement.
b. Renewal or extension of the term	Section 4(B)	You can enter into two (2) consecutive Successor Franchise Agreements for a term of five (5) years each if you (a) notify us not less than six (6) months nor more than nine (9) months before expiration; (b) comply with the Franchise Agreement and Manual and you did so and met your material obligations on time throughout

Provision	Section in Franchise Agreement	Summary
		the Initial Term; and, (c) satisfy all monetary obligations to us, our affiliates, and your landlord and suppliers.
c. Requirements for franchisee to renew or extend	Section 4(B)	Requirements include: (i) you refurbishing, redesigning and/or remodeling the Store as we reasonably require; (ii) you having performed all of your material obligations and been in substantial compliance with the terms of your Franchise Agreement, the Manual and other agreements between you and us or our affiliates; (iii) you having timely satisfied all monetary obligations you owe us, our affiliates, and our approved/designated suppliers and vendors; (iv) you remain in possession of the Store Location leased premises; (v) you execute our then-current form of Successor Franchise Agreement; (vi) you pay the successor franchise fee of 50% of our then-current Initial Franchise Fee; (vii) you and your owners sign a general release; and (viii) you, your Operating Principal and Store Manager (as applicable) satisfy our then-current training requirements. You may be asked to sign a franchise agreement with materially different terms and conditions than your original Franchise Agreement, but there will be no initial franchise fee, the term of each Successor Franchise Agreement will be 5 years, the limited successor rights of the Franchise Agreement will be incorporated and the Royalty Fee on Successor Franchise Agreements will not be greater than the Royalty Fee that we then impose on similarly-situated franchisees entering into a Successor Term.
d. Termination by franchisee	Section 16(C) Section 16(F)	a. You may terminate the Franchise Agreement if you and we agree in writing. b. Your failure to pay any Royalty Fees, Marketing Fund Contributions or other money after you receive notice of the default granting an opportunity to cure, will mean that you are willfully and wrongfully breaching the Franchise Agreement and that you have decided to reject and terminate the Franchise Agreement and all Agreements between you and us (or our affiliates) related to the Franchise Agreement.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	Section 16	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. The Franchise Agreement describes defaults throughout – please read it carefully.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined - curable defaults	Section 16(D)	Curable defaults include any of the following which if committed by you must be cured within the time period specified in the Franchise Agreement: (i) failure to procure and maintain required insurance within 7 days following our notice of your default; (ii) continued misuse of our Marks or the material impairment of the goodwill associated with the Marks 24 hours after our notice of your default; (iii) failure to obtain required confidentiality or similar agreements; (iv) failure to submit monies due to us or any affiliate, or the Marketing Fund within 5 days following our notice of your default; (v) failure to adhere to System standards; (vi) failure to adhere to any other requirement of ours; (vii) failure to designate a replacement Store Manager or Operating Principal; (viii) failure to cure hazardous conditions on demand within 24 hours of our notice of your default; (ix) violation of any law or regulation regarding health, safety or food preparation; (x) failure to keep Store opened during required days and hours within 24 hours of our notice of your default; (xi) sale of unauthorized programs, products or services; (xii) failure to maintain trade accounts in current status and/or fail to seek to promptly resolve any disputes with trade suppliers; (xiii) you engage in any business, or market any product or service, under a name or mark which, in our opinion, is confusingly similar to the Marks; (xiv) fail to pay any taxes on your Store when due; (xv) fail to indemnify us; (xvi) continue to violate any law, ordinance, rule or regulation, in the absence of a good faith dispute, in connection with the operation of your Store; (xvii) failure to obtain or maintain a required, permit, certificate or other governmental approval; (xviii) employ an individual who is not legally eligible for employment in the United States; (xix) fail to maintain and operate your Store and any vehicles used by your Store in a good, clean and sound manner, in strict compliance with our standards; (xx) if any Guarantor fails to comply with any of the requirements imposed by or pursuant to the Guaranty; (xxi) fail to devote the time and attention necessary to the operation of the Store: (xxii) fail to implement (and, at your expense, take all steps necessary to implement) and thereafter adhere to any new or changed System requirements; (xxiii) you or any Guarantor fail to satisfy any judgment not subject to appeal for more than 30 days, or fail to prosecute any judgment subject to appeal within 30 days; (xxiv) fail to comply with any other lawful provision or requirement of the Franchise Agreement or any specification, standard or operating procedure we prescribe.

Provision	Section in Franchise Agreement	Summary
		Unless otherwise stated, the foregoing defaults must be cured within 30 days of your receipt of our notice of your default in order to avoid termination of your Franchise Agreement.
h. "Cause" defined - non-curable defaults	Section 16(B) and Section 16(C)	Non-curable defaults resulting in automatic termination of the Franchise Agreement, without notice to you: bankruptcy, insolvency, receivership, dissolution or levy. Non-curable defaults resulting in termination of the Franchise Agreement, on notice to you include: (i) your sale of authorized products or goods at an unauthorized location or through an unauthorized means of distribution; (ii) your failure to obtain our approval of a proposed site for your Store Location or failure acquire a Store Location in time specified in the Franchise Agreement; (iii) your failure to construct the Store in accordance with our prototypical plans; (iv) your failure to open Store by the Opening Date; (v) you cease to operate your Store or otherwise abandon your Store, loss possession of the Store Location, or otherwise forfeit the right to transact business in the jurisdiction where the Store is located; (vi) you, your Operating Principal, Store Manager and/or if you are a business entity, any owner, member, shareholder, director or manager of yours is convicted of or pleads nolo contendere to a felony, fraud, crime of moral turpitude or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated with same or our interest in the System or Marks; (vii) you operate the Store in a fashion that jeopardizes the life, health or safety of the general public, your customers or employees; (viii) you violate our restrictions on transfers; (ix) your (our your Principal's) unauthorized use of our Confidential Information; (x) you knowingly conceal revenues, maintain false records or books, falsify information or otherwise defrauds or makes false representations to us, or submit substantially false reports to us; (xi) an audit shows that you understated your Gross Sales by 2% or more 3 times within any 36 month period or 5% or more for the reporting period; (xii) you do not comply with the in-term covenant not to compete; (xiii) before you open, we determine that (1) you or your Operating Principal or Store Manager failed to attend or successfully complete (to our satisfaction) the Initial Training Program or (2) you or your Operating Principal failed to attend or successfully complete our Owner Training Program (after being afforded the opportunity to obtain remedial training); (xiv) your material breach of representations and warrants or covenants in Franchise Agreement ; (xv) failure to comply with quality assurance program ; (xiii) compete; (xvi) default under any

Provision	Section in Franchise Agreement	Summary
		other franchise agreement not cured within time period specified; (xvii) three (3) or more late payments in any twelve (12) month period whether or not cured; (xviii) repeated events of default regardless of whether cured; (xix) after curing a default which is subject to cure, you commit the same act of default again within 6 months; (xx) you omitted or misrepresented any material fact in the information that you furnished to us in connection with our decision to enter into the franchise agreement; (xxi) you and we agree to terminate in writing; (xxii) you refuse to permit us to inspect, or to conduct an operational and/or financial audit of, your Store; (xxiii) you take any funds withheld from your employees' wages which should have been set aside your Store's employee taxes, FICA, insurance or benefits; wrongfully take our property; systemically fail to deal fairly with your employees, customers or suppliers; or knowingly permit or, having discovered the facts, fail to take any action against or to discharge any agent, servant or employee who has embezzled; (xxiv) you make a willful misrepresentation or do not make a material disclosure required by any governmental or quasi-governmental authority regarding any matter involving or affecting the operations of your Store; (xxv) you commit any incurable act or default which materially impairs the goodwill associated with our Marks or if the default is curable, you do not cure a default which materially impairs the goodwill associated with our Marks after at least 72 hours' written notice to cure; (xxvi) you, your Operating Principal, your Store Manager and/or your Store commit any violation of law, rule or regulation and/or engage in any act or practice which subjects you and/or us to widespread publicity, ridicule or derision; (xxvii) you breach advertising standards and fail to cure within 3 days following written notice; (xxviii) you purchase any Approved Products and Services or any other programs, products or services under an Approved Supplier contract we negotiate, and you use, divert, sell or otherwise exploit them for the benefit of any other individual, entity or business; (xxix) you default under any agreement between you and any lessor or sublessor of your Store Location and you do not cure the default within the period specified in the Store Location's Lease; or (xxx) you misrepresented your compliance with (or violated) the Anti-Terrorism Laws (as defined in Section 7(BB) of the Franchise Agreement).
i. Franchisee's obligations on	Section 17(A)	You must: (i) immediately cease to operate the Store and stop holding yourself out to the public as a present or former Angelina Italian Bakery franchisee; (ii) immediately cease using our

Provision	Section in Franchise Agreement	Summary
termination/non-renewal		Confidential Information, System and Marks including any of our marketing materials and brochures; (iii) cancel any assumed or fictitious name for 'Angelina Italian Bakery' within 5 days; (iv) not use any confusingly similar marks ; (v) immediately pay all amounts due to us or our affiliates, and all damages, costs and expenses as a result of your default or in connection with us obtaining injunctive relief; (vi) immediately return to us (or destroy upon our request) all of your copies of any materials containing any of the confidential information or any materials bearing the IP or the Marks and all copies and records of any customer or other similar lists; (vii) strictly comply with all post-term restrictive covenants; (viii) provide us with a list of all marketing and sales promotion materials bearing our Marks which we may choose to purchase at your cost; (ix) assign us all rights to acquire lease or sublease for your Store Location or other equipment used for the operation of the Store; (x) assign us all telephone numbers, website listings, social media, etc.; (xi) immediately execute all agreements necessary to effectuate the termination; (xii) immediately pay all sums owing to any landlord, suppliers, employees, taxing authorities, advertising agencies, lenders and all other third parties; and if we request, assign us your interest in the Store Location lease and vacate promptly.
j. Assignment of contract by franchisor	Section 14(A)	We have the right to transfer or assign the Franchise Agreement to any person or entity, including a competitor, without restriction. We may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network. (See Franchise Agreement)
k. "Transfer" by franchisee – definition	Section 14(B)	A Principal's voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, mortgage, disposal or other disposition of any legal or beneficial interest in: (i) the Franchise Agreement, (ii) any material asset of the Store; (iii) the ownership interest in the Franchise entity, whether in the form of equity or voting interest; (iv) the merger or consolidation of your Store entity; and (v) the issuance of additional securities or other ownership interests of the Store. It includes transfers resulting from proceedings under the U.S. Bankruptcy Code or any similar law, and transfers resulting from divorce.
l. Franchisor approval of Transfer by franchisee	Section 14(B), 14(C)	You must obtain our prior written consent before transferring any interest in the assets of the franchise, the Franchise Agreement or you.

Provision	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 14(C)	Conditions include: (i) payment of all monetary obligations to us or our affiliates; (ii) you must not be in default under the franchise agreement or any other agreements; (iii) you and your Principals sign a general release; (iv) the person to whom you propose to transfer (the "transferee") must apply to us for acceptance (v) transferee must demonstrate that transferee meets our then-current qualifications and standards; (vi) transferee must demonstrate that transferee has the organizational, managerial and financial structure and resources required to conduct your Store properly; (vii) transferee complies with Franchisor’s ownership requirements relative to the control of the proposed transferee and Franchisee’s Store, before signing the new franchise agreement; (viii) transferee complies with our noncompetition restrictions; (ix) the landlord of the Store Location must consent in writing to the assignment of lease; (x) you or transferee renovate, modernize and otherwise upgrade the Store to conform to our then-current System images, standards and specifications; (xi) you providing us with a copy of any proposed contract of transfer (and any related agreements) and, promptly following execution, furnish us with an executed copy of the contract of transfer; (xii) transferee enters into a written agreement assuming your obligations under the franchise agreement as of the date of the transfer; (xiii) transferee executes our then current form of franchise agreement; (xiv) transferor remains liable for obligations of the Store prior to effective date of the transfer; (xv) the transferee has acquired, or will be able to immediately acquire following the execution of the new franchise agreement, all permits, licenses and other authorizations required by any federal, state or local, rule or regulation to operate your Store; (xvi) transferee executes a guaranty; (xvii) the Total Sales Price may not be so excessive, in our determination, that it jeopardizes the continued economic viability and future operations of your Store and/or the transferee. See Franchise Agreement for definition of “Total Sales Price”; (xviii) if the transferee is a business entity, all of the requirements of its new Franchise Agreement concerning business entities must be complied with before we sign the new Franchise Agreement and must continue to be complied with; (xix) you or transferee pay a transfer fee equal to (1) fifty percent (50%) of the then current Initial Franchise Fee if the transfer is to any third party or (2) twenty-five percent (25%) of the then current Initial Franchise Fee for transfers to existing franchisees of the System in good standing; (xx) all representations, warranties and covenants are true and correct; and (xxi) the transferee grants us the right (but not

Provision	Section in Franchise Agreement	Summary
		obligation) to be substituted as obligor to a secured party if the transfer is a grant of security interest.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14(E)	On 60 days' written notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party provided that we may substitute cash in place of any finance terms.
o. Franchisor's option to purchase franchisee's business	Section 17(B)	On 30 days' written notice following the expiration or termination of the Franchise Agreement, we may purchase your assets.
p. Death or disability of franchisee	Section 14(F)	On your death or disability your rights pass to your "Estate". Your Estate may continue operating the Business if it provides an acceptable Operating Principal and Store Manager. This Operating Principal must successfully complete (to our satisfaction) our next Initial Training Program and assume full time operation of the franchise within 1 month of your death or disability. From the date of your death or disability until an Operating Principal assumes full time control, we can operate your Business, but need not do so. See Item 6. Or, the Estate may sell the franchise in accordance with the requirements described in m. above.
q. Non-competition covenants during the term of the franchise	Section 10(C) Attachment C	No involvement in competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 10(C) Attachment C	No involvement in competing business for 2 years within the Protected Area, within a 20 mile radius of the perimeter of your Protected Area or within a 20 mile radius of the perimeter of (or within) any Protected Area of any Angelina Italian Bakery Store (whether company-owned, franchised or otherwise established and operated).
s. Modification of the agreement	Section 10(A), 20(B)	You must comply with the Manual as periodically amended. The Franchise Agreement may only be modified or amended in writing signed by all parties.
t. Integration/merger clause	Section 20(B)	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19(D)	Except for action brought by us, all disputes must be submitted to internal dispute resolution and then mediation in New York, New York. If not resolved by internal dispute resolution or mediation,

Provision	Section in Franchise Agreement	Summary
		then the dispute must be resolved by litigation in New York, New York.
v. Choice of forum	Section 19(E)	New York(subject to state law)
w. Choice of law	Section 19(C)	New York (subject to state law)
x. Liquidated damages	Section 17(D)	You agree to pay us liquidated damages if we terminate you for cause or if you cease to operate the Franchise prior to the expiration of the term.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the 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 the 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 a franchisee's 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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jefferson Cho at (646) 239-3603, Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years December 31, 2020 to December 31, 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	2	1	-1
	2021	1	2	+1
	2022	2	2	0
Total Outlets	2020	2	1	-1
	2021	1	2	+1
	2022	2	2	0

Table No. 2

Transfers of Franchised Outlets from Franchisees
to New Owners (other than the Franchisor)
For Years December 31, 2020 to December 31, 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3

Status of Franchised Outlets
For Years December 31, 2020 to December 31, 2022*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Opera-tions - Other Reasons	Column 9 Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4

Status of Company-Owned Outlets
For Years December 31, 2020 to December 31, 2022*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
New York	2020	2	0	0	1	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
All Other States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Total	2020	2	0	0	1	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2

Table No. 5

Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
New York	0	4	2
All Other States	0	0	0
Total	0	4	2

Please understand that you have the opportunity to contact existing and certain other former franchisees and we urge you to do so.

As of the date of this disclosure document, there are no system franchisees. As such, during the most recently completed fiscal year, we did not terminate, cancel or not renew the franchise of any franchisee in any state and no franchisee transferred his/her/its franchise. There is no franchisee in any state who has not communicated with us within 10 weeks of the issuance date of this disclosure document. During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

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

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the franchise system.

ITEM 21
FINANCIAL STATEMENTS

We were organized in March 2021. Our fiscal year end is December 31st. Attached as Exhibit B to this disclosure document is our audited financial statements as of December 31, 2022 and December 31, 2021, and for the period from March 5, 2021 (inception) through December 31, 2021. We have not been in business for three years or more and therefore cannot include a balance sheet from the previous two fiscal years nor statements of operations, stockholders' equity, or cash flows for the previous three years.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

<u>Exhibit A to this Disclosure Document: Franchise Agreement</u>

- State Addenda to Franchise Agreement
- Attachment A: Selected Terms: Store Location, Protected Area, and Opening Date
- Attachment B: Statement of Ownership Interests and Franchisee's Principals
- Attachment C-1: Confidentiality Agreement/Non-Competition Agreement
- Attachment C-2: Confidentiality Agreement
- Attachment D: Personal Guaranty
- Attachment E: Software License Agreement
- Attachment F: Electronic Funds Transfer Authorization
- Attachment G: Required Lease Rider
- Attachment H: General Release – Termination
- Attachment I: General Release – Renewal
- Attachment J: General Release – Assignment
- Attachment K: Trainee Waiver, Assumption of Risk and Indemnification Agreement

ITEM 23
RECEIPTS

Attached in Exhibit G as the last two (2) pages of this disclosure document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A TO DISCLOSURE DOCUMENT

ANGELINA FRANCHISING LLC FRANCHISE AGREEMENT

ANGELINA FRANCHISING LLC

FRANCHISE AGREEMENT

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ATTACHMENTS

ANGELINA FRANCHISING LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this ________________ (the "Effective Date"), by and between Angelina Franchising LLC, a New York corporation with its principal office located at 42 West 28th, 5th Floor, New York, New York 10001 "Franchisor") and ________________________, a[n] ____________________ whose principal address is ______________________________ "Franchisee"). Franchisee and Franchisor are sometimes collectively referred to herein as "Parties".

RECITALS:

Franchisor and/or its Affiliates have developed a proprietary system (the "System") for the establishment and operation of Angelina Italian Bakery stores (each, an "Angelina Italian Bakery Store" or "Store"), which are bakery businesses specializing in the offer and sale of Italian-influenced baked goods, cake or sandwich items (including, without limitation, croissants, donuts, cheese focaccia, sandwiches and pastries) and related products, services and programs. The System makes use of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Angelina Italian Bakery" and such other trade names, service marks, trademarks, logos, emblems and indicia of origin, designs, labels, trade dress, signs, symbols, copyrighted materials and other intellectual property as are now designated, and may hereafter be designated by Franchisor in writing (collectively, the "Marks"), which we will designate as licensed to Franchisee in this Agreement, Franchisor's Manual and/or otherwise. For the purposes of this Agreement, "Affiliate" refers to any person or entity (i) that Franchisor or Franchisee directly or indirectly controls, (ii) which directly or indirectly controls Franchisor or Franchisee or (iii) which is in common control with Franchisor or Franchisee.

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; 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, deleted, improved, and further developed by Franchisor from time to time.

Franchisee wishes to obtain the right to use the System for the operation of an Angelina Italian Bakery Store at the location specified in Attachment A to this Agreement (the "Store Location"), as well as to receive the training and other assistance provided by Franchisor, and acknowledges the importance of operating the Angelina Bakery Store in conformity with Franchisor's high standards of quality and service. Franchisor wishes to grant Franchisee a franchise for the operation of an Angelina Italian Bakery Store upon the terms and conditions set forth in this 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:

Section 1. **GRANT OF FRANCHISE AND LICENSE**.

A. Grant of Franchise and License. Franchisor hereby grants Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to establish and operate an Angelina Italian Bakery Store (including, providing at the Franchisor's sole discretion, catering and delivery services from the Store Location subject to Section 7(E)(1) below) under the Marks and the System in accordance with this Agreement at the Store Location within the Protected Area specified in Attachment A to this Agreement. Franchisee agrees to use the Marks and Angelina Italian Bakery System as Franchisor may change, improve, modify or further develop them from time to time as provided in this Agreement, and only in accordance with the terms and conditions of this Agreement, the Manual and all related agreements.

Section 2. TERRITORY.

A. Angelina Italian Bakery Store Location; Protected Area; Catering and/or Delivery. Franchisee may establish only one Angelina Italian Bakery Store under this Agreement. Franchisee's right to operate an Angelina Italian Bakery Store is restricted to the location designated on Attachment A (the "Store Location"). Franchisee shall be granted a protected territory consisting of the geographic area surrounding Franchisee's Store Location Angelina Italian Bakery as described in Attachment A (the "Protected Area"). Except as provided in this Agreement, and subject to Franchisee's full compliance with this Agreement and any other agreement between Franchisee or its Affiliates and Franchisor or its Affiliates, neither Franchisor nor any Affiliate of Franchisor will establish, or authorize any person or entity other than Franchisee to establish, an Angelina Italian Bakery Store in the Protected Area during the term of this Agreement, provided that Franchisor may establish, or authorize any person or entity to establish, an Angelina Italian Bakery Store in a Nontraditional Location even if within the Protected Area. If Franchisor, in its sole discretion, permits Franchisee to offer catering and/or delivery services (subject to Section 7(E)(1) below), Franchisee will have a non-exclusive right to deliver products and/or cater events to customers within the Protected Area.

B. Franchisee's Restrictions. Franchisee's Angelina Italian Bakery Store may only offer and sell its products in, at and from Franchisee's Angelina Italian Bakery Store at the Store Location situated within Franchisee's designated Protected Area. Notwithstanding the foregoing, if Franchisor grants Franchisee the right to offer catering and/or delivery services from the Store Location, Franchisee will have the non-exclusive right to cater and deliver its products to customers within Franchisee's Protected Area. Under no circumstance may Franchisee's Angelina Italian Bakery Store establish any physical presence, apart from the Store Location, at or from which System programs, products or services are sold or furnished. Nor may Franchisee's Angelina Italian Bakery Store offer or sell its programs, products or services anywhere, through any means or manner, including alternative channels of distribution, such as the internet/worldwide web and other forms of electronic commerce; "800" or similar toll-free telephone numbers; supermarkets, grocery stores or convenience stores; mail orders; catalogs; telemarketing or other direct marketing sales; or, any other channel of distribution whatsoever, except from Franchisee's Angelina Italian Bakery Store located at the Store Location situated within Franchisee's Protected Area. Under no circumstances may Franchisee's Angelina Italian Bakery Store offer delivery or catering of System menu items or products except as Franchisor may (but need not) authorize in writing.

Franchisee may only engage in the retail sale of Angelina Italian Bakery System products, services and programs from Franchisee's Store. Franchisee is prohibited from engaging in the wholesale sale or distribution of any Angelina Italian Bakery System products or services, or the products, equipment and services which Franchisee's Angelina Italian Bakery Store is required or permitted to use or sell under this Agreement, or any component or ingredient of any of the foregoing which now or in the future constitutes part of the System. "Retail sale" means any sale by Franchisee directly to an ultimate consumer. "Wholesale sale or distribution" means any sale or distribution by Franchisee to a third party for resale, retail sale, or further distribution. "Component" means any constituent part, ingredient, element, segment or derivative.

C. Franchisor's Restrictions. Within the Protected Area, neither Franchisor nor its Affiliates will operate or grant a franchise for an Angelina Italian Bakery Store of the type franchised to Franchisee hereunder, except as provided in Section 2(D) ("Rights Franchisor Reserves"). These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason. Outside of the Protected Area, Franchisor and/or its Affiliates reserve the right to operate any number of Angelina Italian Bakery Stores and businesses, and/or authorize others to operate same, at any location whatsoever, including one or more locations that may be immediately proximate to, but not within, Franchisee's Protected Area.

D. Rights Franchisor Reserves. Franchisee understands and agrees that Franchisor and/or Franchisor's affiliates may engage in any business activity and deploy any business concept whatsoever at any location anywhere (including, proximate to, adjacent to or abutting the boundary Franchisee's Protected Area) and that Franchisor may use Franchisor's Marks or any other names or marks owned or developed by Franchisor or Franchisor's affiliates in connection with such other concepts and business activities (regardless of where such other concepts or activities are located and/or conducted). Franchisee further understands and agrees that this Agreement does not confer upon Franchisee any right to participate in or benefit from such other concepts or business activities, regardless of whether it is conducted under the Marks or not. Franchisor's and Franchisor's affiliates' rights to engage in other business activities are specifically reserved and may not be qualified or diminished in any way by implication. Franchisor thus may engage in, or authorize others to engage in, any form of business offering and selling any type of program, product or service except as restricted by Section 2(C) above.

By way of example, Franchisor and/or Franchisor's affiliates may own, operate or authorize others to own or operate any type of business at any location whatsoever, including an Angelina Italian Bakery Store immediately proximate to Franchisee's Store Location, even if such other business sells under the Marks the type of products or services which Franchisee's Store offers and sells or is a similar or competitive business.

In addition, Franchisee understands and agrees that Franchisor and/or Franchisor's affiliates alone have the right to offer and sell at any location (including, immediately proximate to Franchisee's Store Location), and under the Marks, any and all programs, products or services and/or their components (including, those used or sold by Franchisee's Store), whether or not a part of the System, through any alternative method of distribution including, without limitation, such alternative channels of distribution as the internet/worldwide web; any other form of electronic commerce; "800" or similar toll-free telephone numbers; supermarkets, grocery stores and convenience stores; mail orders; catalogs; television sales (including "infomercials"); or, any other channel of distribution whatsoever, except for an Angelina Italian Bakery Store at Franchisee's Store Location situated in Franchisee's Protected Area.

Franchisee also understands and agrees that Franchisor and/or it Affiliates alone have the right to offer and sell (directly, or through other franchisees or licensees) System programs, products and services at any and all Nontraditional Locations, including Nontraditional Locations situated in the Protected Area, through the establishment of traditional Angelina Italian Bakery Stores, limited service Angelina Italian Bakery Stores, kiosks, mobile units/food trucks or other alternative formats (whether operating under the Marks or otherwise), and that, by contrast, Franchisee is precluded from engaging in any such activity. "Nontraditional Locations" include any mall (defined as an enclosed indoor or outdoor retail space consisting of 250,000 or more square feet); mall food court; airport; food retailers (including supermarkets, grocery stores and convenience stores); train or bus station; hospital and healthcare facility; school, college, university or other educational institution; hotel, resort or other lodging facility; cruise ships; amusement park; sports facility (including, sports arenas); state or national parks; exhibition hall, conference facility or convention center; casino or gambling establishment; government facilities; military bases and installations; highway plaza or rest stops; the premises of any third party retailer; gas stations or toll road service areas; and, any other location or venue to which access to the general public is restricted. Franchisor will receive no compensation for Franchisor or its Affiliates' sales at Nontraditional Locations.

Franchisee further agrees that, both within and outside the Protected Area, Franchisor and/or its Affiliates alone have the right to sell System programs, products and services to national, regional and institutional accounts. "National, Regional and Institutional Accounts" are organizational or institutional customers whose presence is not confined to the Protected Area, including (by way of example only): business entities with offices or branches situated both inside and outside of the Protected Area; sports leagues or divisions; government agencies, branches or facilities; guest lodging networks; healthcare networks; the military; and, any other customer whose presence is not confined to the Protected Area. Only Franchisor will have the right to enter into contracts with National, Regional and/or Institutional Accounts (which may include facilities within the Protected Area). If Franchisor receives orders for any System programs, products or services calling for delivery or performance in the Protected Area as a result of Franchisor engaging in commerce with National, Regional and Institutional Accounts, then Franchisor will have the right, but not the obligation, either to require Franchisee to fulfill such orders at the price Franchisor agrees on with the customer or to give Franchisee the opportunity to fulfill such orders at the price Franchisee agrees on with the customer. If Franchisor gives Franchisee the opportunity to fulfill such orders and if, for any reason, Franchisee does not desire to or cannot serve the customer, or if the customer desires for any or no reason to deal exclusively with Franchisor, its Affiliate or another franchisee and not with Franchisee, then Franchisor, its Affiliate or any other one of Franchisor's franchisees may serve the customer within the Protected Area, and Franchisee will not be entitled to any compensation. Franchisor will advise Franchisee of the procedures governing Franchisor's National, Regional and Institutional Accounts program as Franchisor establishes these accounts.

Franchisee agrees that Franchisor may purchase, acquire, merge, be acquired by or affiliate with any existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and following such activity Franchisor may operate, franchise or license these businesses and/or facilities under the Marks outside of the Protected Area, or under any names or marks other than the Marks within the Protected Area and may operate that business.

Section 3. <u>SITE SELECTION; LOCATION; AND CONSTRUCTION</u>

A. <u>Location</u>.

(1) Franchisee may operate its Angelina Italian Bakery Store only from the Store Location situated in Franchisee's Protected Area. Franchisee may use the Store Location for no other purpose than the operation of the Angelina Italian Bakery Store.

(2) If Franchisee has suggested a Store Location which Franchisor has approved before the execution of this Agreement, then the address of that Store Location will be set forth on <u>Attachment A</u> to this Agreement.

B. <u>Site Selection; Site Approval; Site Acquisition</u>.

(1) <u>Site Selection, Review and Acceptance Procedure</u>. If Franchisee has not suggested a Store Location which Franchisor has approved before the execution of this Agreement, then Franchisee must identify and submit a site for Franchisees Store Location.

(a) <u>Submission of Site Information</u>. Before acquiring a site for a Store, Franchisee shall (within sixty (60) days of signing the Franchise Agreement) 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, a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the site. Franchisor may also require Franchisee to submit maps, completed checklists, photographs, diagrams, the measurements of the premises and other information and materials which Franchisor may reasonably require to evaluate Franchisee's proposed Store Location. Franchisor also may visit the proposed Store Location in order to evaluate its suitability. If Franchisee requests that Franchisor visit the proposed Store Location the first two on-site visits will be free of cost, with any subsequent visits costing $300 per day plus the cost of

Franchisor's travel, lodging and meal expenses. Recognizing that time is of the essence, Franchisee agrees that it will submit such site information to Franchisor no later than sixty (60) days after the execution of the Franchise Agreement.

It is the essence of this Agreement that Franchisee select a Store Location, identify it to Franchisor, obtain Franchisor's advance written approval and sign a lease approved by Franchisor (or provide proof of ownership) for the Store Location within 180 days following the date of the execution of this Agreement. If Franchisee intends to own the Store Location, then Franchisee agrees to furnish to Franchisor proof of ownership or an executed contract of sale within thirty (30) days following Franchisor's approval of the Store Location. If Franchisee does not secure a Store Location within the time limits and following the procedures specified in this Section 3(B)(1), then this failure will be a material and incurable breach of this Agreement which, unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure.

(b) Site Approval. Franchisor shall have thirty (30) days after receiving Franchisee's site information to accept or not accept, in its sole discretion, the proposed site as the location for the Store. No site may be used for a Store unless it is first accepted in writing by Franchisor, and Franchisee shall not make any binding commitment with respect to a site for a Store unless the site is first accepted in writing by Franchisor. After Franchisor accepts the site, Franchisee must submit a copy of the proposed contract of sale or lease, as applicable. No lease shall be approved by Franchisor unless a rider to the lease, containing covenants, in substantially the form of those in Attachement G hereto, is attached to the lease and incorporated therein. Franchisee understands that Franchisor's acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute, and will not be deemed to constitute, a representation, promise, warranty, guarantee or any other indication, express or implied, by Franchisor that the Store operated at that site will be profitable or otherwise successful.

(2) Site Acquisition.

(a) Site Acquisition. Promptly following Franchisor's acceptance of the site for the Store, but in no event no later than forty-five (45) days after such acceptance, Franchisee shall acquire the site by purchase or lease, at Franchisee's expense. Franchisee shall furnish to Franchisor a copy of the executed lease or contract of sale within three (3) days after execution of such lease or contract of sale.

(b) Location Lease. If Franchisee will be leasing the Store Location, then within forty-five (45) days following Franchisor's written approval of the proposed Store Location, Franchisee agrees to obtain a lease or sublease for the Store Location which, unless Franchisor otherwise approves the lease in advance, must be accompanied by a rider incorporating the requirements specified in Attachment G to this Agreement. Franchisee agrees to deliver to Franchisor a copy of any proposed lease or sublease and any related documents (collectively, the "Lease") before Franchisee executes the Lease. Any Lease will be subject to Franchisor's advance written approval, which Franchisor will not unreasonably withhold or delay, provided, however, that Franchisor expressly reserves the right to disapprove any Lease not accompanied by a rider embracing all of the provisions of Attachment G annexed hereto. If Franchisor does not communicate its approval or disapproval of a proposed Lease to Franchisee within twenty (20) business days following its receipt of the proposed Lease, then the Lease will be considered disapproved. Franchisee agrees not to sign any Lease that Franchisor disapproves or (if the Lease is approved) sign any modification of the Lease that would adversely affect Franchisor's rights without Franchisor's written acceptance. Franchisee acknowledges and agrees that Franchisor's acceptance does not in any way guarantee, represent or warrant Franchisee's success at the Store Location or that Franchisee will generate any specific level of sales.

If Franchisee does not sign an approved lease for a Store Location within forty-five (45) days following Franchisor's acceptance of the site for the Store, then Franchisor can terminate this Agreement. In such an event, Franchisee agrees to sign Franchisor's then-current standard form of General Release running in favor of Franchisor, as well as to sign all other documents as Franchisor may require to fully terminate all agreements between Franchisee and Franchisor covered by this Agreement. If Franchisor terminates this Agreement for this reason, all funds Franchisee paid Franchisor will be considered fully earned by Franchisor.

(c) Contractual Designation of Store Location. After a site for a Store is accepted by Franchisor and acquired by Franchisee, the address of the site shall be entered on Attachment A to the Franchise Agreement as the Location of the Store.

Franchisee acknowledges and agrees that it shall assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Store within the Protected Area. Franchisee agrees to use its best efforts to find an acceptable Store Location. Franchisee must comply with all of Franchisor's System specifications, requirements and restrictions.

C. Relocation. Franchisee shall not relocate the Angelina Italian Bakery Store without Franchisor's express prior written consent. If Franchisee is unable to continue the operation of the Angelina Italian Bakery Store at the Store Location because of the occurrence of an event of Force Majeure (or for other reasons not constituting an event of default under this Agreement), Franchisee may request Franchisor's consent to relocate the Store, but must apply for such approval within thirty (30) days after such event. Franchisor is not obligated to approve or consider any request for relocation and may, in its sole discretion, deny a request or require any conditions prior to the consideration of such proposed relocation. If Franchisor grants Franchisee the right to relocate the Store, then Franchisee shall obtain approval for the relocation site within ninety (90) days of Franchisor's grant of the request for relocation and comply with such site selection and construction procedures as Franchisor may require. Upon approval of the right to relocate the Store, Franchisee shall pay a relocation fee equal to twenty-five percent (25%) of the then-current Initial Franchise Fee. Franchisee shall also be responsible for paying all Franchisor's costs and expenses incurred in considering any relocation request and assisting Franchisee in relocating the Store, including labor, salary, travel, professional fees, demographic reports, an additional Architectural Consulting Fee and/or Construction Consulting Fee as described in Section 3(E)(3) and other fees and costs.

D. Licenses; Permits. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the premises of the Angelina Italian Bakery Store. Before beginning construction of the Store, Franchisee shall (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Angelina Italian Bakery Store, and (ii) certify in writing to Franchisor that they have been obtained and that the insurance coverage specified in Section 12 of this Agreement is in full force and effect. At Franchisor's request, Franchisee shall provide to Franchisor copies of all such approvals, clearances, permits, licenses and certifications.

E. Construction and Finish Out.

(1) After acquiring the Store Location by Lease or purchase, Franchisee shall at Franchisee's expense construct Franchisee's Store, or, if applicable, convert the existing premises at the Store Location to become Franchisee's Store, in conformity with the final plans and specifications which Franchisor has approved (as provided in Section 4(G)).

(2) Franchisor will provide Franchisee with its standard prototypical architectural and design plans and specifications for an Angelina Italian Bakery Store (including, without limitation, the specifications for and approved sources of supply of the Store's furniture, fixtures, equipment, signs and/or other trade dress elements). Franchisee

reserves the right to be (and earn a profit as) an approved source or the only approved source of certain of the Store's furniture, fixtures, equipment and/or other trade dress elements and to earn a profit from such activity. If Franchisor has not specified a source of supply for any such item, then Franchisee may purchase that item from any source, so long as the items purchased are in strict accordance with any specifications concerning the item which Franchisor has issued in the Manual or otherwise. Franchisee must obtain Franchisor's advance written consent before deviating in any fashion from Franchisor's specifications.

All signs at Franchisee's Store must conform to Franchisor's sign criteria, unless Franchisor otherwise consents in writing, for goof cause Franchisee demonstrates.

The sample prototypical plans Franchisor furnishes to Franchisee will not address the requirements of any federal, state or local law, code or regulation, including those of the ADA or similar laws or rules. Franchisee alone, working with its architect or engineer (if applicable), is responsible for ensuring that the Store, as constructed, complies with all applicable laws, rules, regulations, ordinances, building codes, fire codes, permit requirements and the ADA. Further, the sample layout and preliminary plans Franchisor furnishes to Franchisee will not contain the requirements of, and may not be used for, construction drawings or other documentation necessary to obtain permits or authorizations to build and/or operate a specific Angelina Italian Bakery Store. Franchisee agrees to use the services of Franchisor's designated design vendor to prepare the design plans for the construction of Franchisee's Store based on the sample prototypical plans Franchisor furnishes to Franchisee for a typical Angelina Italian Bakery Store. Te retain the services of Franchisor's design vendor, Franchisee must pay Franchisor a design services fee ("Design Services Fee") in the amount of Twenty-Five Thousand Dollars ($25,000). The Design Services Fee is deemed fully earned when paid and is not refundable under any circumstances.

(3) Franchisee must employ a qualified, licensed architect/engineer and general contractor that we specify or, if we do not specify, who is reasonable acceptable to Franchisor prepare preliminary plans and specifications for the site improvement and construction of Franchisee's Store (which must be based on the sample layout and preliminary plans Franchisor furnished to Franchisee). If Franchisee elects not to use Franchisor's approved architectural and design supplier or vendor, then Franchisor will charge Franchisee an architectural consulting fee (the "Architectural Consulting Fee") for reviewing and approving the architectural and design plans and consulting with Franchisee's architect. The Architectural Consulting Fee is Ten Thousand Dollars ($10,000) and is paid to Franchisor upon engagement of the architect. If Franchisee engages the contracting services of someone other than one of Franchisor's approved vendors or suppliers, then Franchisee muse pay a construction consulting fee (the "Construction Consulting Fee") of Ten Thousand Dollars ($10,000). The Construction Consulting Fee is paid to Franchisor upon engagement of the contractor. Franchisee shall provide to Franchisor a copy of the construction contract for the Store. During the construction and build-out process, Franchisor may (but need not) conduct one on-site visit to the Store Location to offer Franchisee assistance and guidance. Franchisee understands that neither Franchisor's approval of Franchisee's final plans for the Store nor any on-site visits to the Store Location renders Franchisor liable for any defects, neglects, omissions, errors or negligence associated with such plans or construction process and shall not in any fashion be construed to diminish or negate Franchisee's indemnification of Franchisor, its affiliates and the others referenced in Section 7(O) below nor render Franchisor liable in any fashion or to any extent for any liabilities engendered thereby.

(4) Franchisee shall submit a complete set of Franchisee's proposed adapted plans and specifications to Franchisor for review within thirty (30) days after Franchisee acquires the Store Location and before Franchisee seeks to register them with any governmental or quasi-governmental agency or begins construction of the Store. Franchisor's approval will be based on Franchisor's assessment of compliance with its standards for Angelina Italian Bakery Stores. Franchisor will not assess compliance with federal, state or local laws, rules or regulations, including the ADA. Franchisee's architect must certify to Franchisee in writing that the plans and specifications for Franchisee's

Store complies with the Americans with Disabilities Act (the "ADA"); the architectural guidelines under the ADA; all applicable federal, state and/or local laws, rules and regulations for accessible facilities; and, all other applicable federal, state or local laws, rules and regulations (including building codes, fire codes and permit requirements). Franchisee must furnish Franchisor with a copy of this certification prior to opening for business. Franchisee agrees that any plans and specifications Franchisee prepares and submits to Franchisor will be irrevocably licensed to Franchisor in perpetuity. Franchisor, its Affiliates and any other franchisees to whom Franchisor gives these plans and specifications may use them without owing Franchisee any compensation or being liable to Franchisee in any way.

(5) Franchisor will use commercially reasonable efforts to either approve or reject the plans within thirty (30) days after Franchisor receives the plans. If Franchisor, in its sole discretion, determines that the plans are not consistent with System standards, Franchisor may prohibit the use of such plans. If Franchisor objects to any such plans, Franchisor shall provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. If Franchisor rejects the plans, Franchisee must submit revised plans, and Franchisor will use commercially reasonable efforts to either approve or reject the revised plans within thirty (30) days after Franchisor receives the revised plans. Franchisee may not use any plans until Franchisor has approved them in writing, and Franchisor's silence with respect to approval or rejection of the plans shall not be deemed to be approval of the plans. Franchisee shall provide written notice to Franchisor and shall obtain Franchisor's prior written approval of any proposed changes to the final plans previously approved by Franchisor. Franchisee acknowledges and agrees that Franchisor's review of such plans is only for purposes of determining compliance with System standards, and that acceptance of such plans by Franchisor does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor that such plans are accurate or free of error concerning their structural application. Franchisor shall not be responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor shall Franchisor be responsible for any errors, omissions, or discrepancies of any nature in the plans.

(6) Once the final plans have been approved, Franchisee shall promptly commence and diligently pursue construction of the Store. Franchisee will construct the Store according to the final plans approved by Franchisor, in accordance with all applicable codes, ordinances, rules, and regulations, and pursuant to all required permits. If Franchisee fails to promptly begin the design, construction, equipping and opening of Franchisee's Store with due diligence, Franchisor may elect to terminate this Agreement immediately upon notice to Franchisee.

(7) During construction, Franchisee shall provide Franchisor with comprehensive information regarding all phases of the construction process as Franchisor may require, such as weekly progress reports in the format that Franchisor designates. This information will include (without limitation and as applicable) the names, addresses and telephone numbers of Developer's architect, civil engineer, surveyor, general contractor, subcontractors, principal vendors and environmental consultant, and the primary contact for each; copies of all permits, licenses, contractor's liability insurance certificates and other similar items required; and, copies of all construction or remodeling contracts and documents, along with originals of all lien waivers and copies of all invoices. These requirements will also apply to any construction, remodeling, renovation or refurnishing of the Store at any time after it opens. In addition, Franchisor may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. Franchisee agrees that Franchisor shall have right to consult with the contractors engaged by Franchisee to construct and/or finish out the Store. Franchisee hereby grants Franchisor access to the Store Location while work is in progress. Franchisor may require any reasonable modifications of the construction of the Store that Franchisor considers necessary or desirable in its reasonable business judgment. Franchisor will not be responsible for delays in construction, conversion, remodeling, equipping or decoration or for any loss resulting from the Store's plans that

Franchisee furnished to Franchisor pursuant to this Section before implementing the changes. Franchisee must use its best efforts to complete the construction of the Store promptly.

Franchisee shall notify Franchisor of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. When construction is complete and before Franchisee opens the Store, Franchisee's architect and general contractor must provide Franchisor with a certificate stating that the as-built plans for the Store fully comply with the ADA; the architectural guidelines under the ADA; and, all other laws, rules, regulations, codes and ordinances applicable to the Store and the Store Location, including any requirements set forth in the Lease for the Store Location. Within a reasonable time after the date construction is completed, Franchisor may, at its option, conduct a final inspection of the completed Store before opening. Franchisor may require any corrections and modifications Franchisor considers reasonable and necessary to bring the Store into compliance with the approved plans and specifications. Franchisee shall pay the travel and out-of-pocket expenses incurred by Franchisor in connection with these inspections and consultations. Franchisee shall not open the Store for business without the written authorization of Franchisor, which authorization shall be conditioned upon Franchisee's strict compliance with this Agreement and the Store conforming to the approved plans and specifications, including changes thereto that Franchisor may approve.

Section 4. INITIAL TERM AND SUCCESSOR TERM

A. Term. Unless sooner terminated as provided in this Agreement, the initial term (the "Initial Term") of this Agreement shall be ten (10) years commencing on the Effective Date of this Agreement.

B. Successor Term and Succesor Franchise Agreement. Franchisee may, at its option, enter into for two (2) additional consecutive Successor Franchise Agreements, each featuring a term of five (5) years each (a "Successor Term").

(1) Conditions to Successor Franchise Agreement. Franchisee must, at Franchisor's option, meet the following conditions prior to and at the time of entering into a Successor Term:

(a) Franchisee shall give Franchisor written notice of Franchisee's election to enter into a Successor Term not less than six (6) months nor more than nine (9) months before the end of the Initial Term or Successor Term, as applicable;

(b) Before the commencement of the applicable Successor Term, Franchisee shall refurbish, redesign and/or remodel the Store, at Franchisee's cost and expense, (including, without limitation, replacing or repairing, as Franchisor may reasonably require, all equipment, electronic cash register systems, computer systems, signs, interior and exterior decor items, fixtures, furnishings, equipment, supplies and other products and materials required for the operation of the Store and otherwise upgrading the Store to reflect the then-current standards and image of the System);

(c) Throughout the Initial Term and at the time of entering into a Successor Term, Franchisee must have performed all of Franchisee's material obligations and been in substantial compliance with the terms of this Agreement, the Manual and other agreements between Franchisee and Franchisor or Franchisor's affiliates;

(d) Franchisee shall have timely satisfied all monetary obligations owed to Franchisor, its Affiliates , the lessor or sublessor of the Store Location and any other material third party supplier of Franchisee;

(e) Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the premises of the Store during the Successor Term on terms acceptable both to Franchisee and Franchisor without any interruption of business or obtain Franchisor's consent to a new site for the Store in compliance with the terms of Section 3(C);

(f) Franchisee shall execute Franchisor's then-current form of successor franchise agreement (the "Successor Franchise Agreement"), which agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement, including, without limitation, a higher Royalty Fee and Marketing Assessment (including, a higher Marketing Fund Contribution);

(g) Franchisee shall pay to Franchisor a successor franchise fee equal to fifty percent (50%) of the then-current Initial Franchise Fee.

(h) Franchisee and all holders of an ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee (the "Principals") shall execute a general release of any and all claims against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, employees and other Personnel, past and present, 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. This general release will not release Franchisor from any future claims related to any Successor Franchise Agreement but will release Franchisor from any and all claims Franchisee may have related to this Agreement; and

(i) Franchisee, the Operating Principal and Store Manager (as applicable) and any other management and staff Franchisor may designate shall comply with Franchisor's then-current qualification and training requirements.

If Franchisee has satisfied these conditions, then Franchisor will provide Franchisee with a Successor Franchise Agreement in the manner specified in the following section. The first Successor Term will begin on the date that the Initial Term expires and each succeeding Successor Term will begin on the date that the previous Successor Term expires. The first Successor Franchise Agreement will supersede this Agreement and each subsequent Successor Franchise Agreement will supersede the preceding Successor Franchise Agreement. Successor Franchise Agreements will not take the form of an extension of this Agreement; but, instead, will each take the form of Franchisor's then-current franchise agreement and may materially vary from this Agreement in all respects, except that no "initial franchise fee" will apply to Franchisee; the limited successor franchise rights identified in this Agreement will be incorporated (as applicable); the term of each Successor Franchise Agreement will be 5 years; and, the Royalty Fee on Successor Franchise Agreementwill not be greater than the Royalty Fee that Franchisor then imposes on similarly situated franchisees entering into Successor Terms.

(2) Successor Franchise Procedures. Franchisee must exercise Franchisee's successor franchise rights under this Agreement in the following manner:

(a) Franchisee must submit a written request to Franchisor for a business review not less than six (6) months nor more than nine (9) months before the expiration of the Initial Term of this Agreement of Franchisee's desire to enter into a Successor Franchise Agreement.

(b) Within 30 days after Franchisor's receipt of Franchisee's notice, Franchisor will deliver to Franchisee a copy of Franchisor's then-current franchise disclosure document (if Franchisee is then legally required to do so) and a copy of Franchisee's Successor Franchise Agreement in a form ready to be executed by Franchisee (together, the "Successor Package"). Franchise must acknowledge receipt of the Successor Package in any fashion that Franchisor reasonably specifies.

(c) No sooner than 15 days, but no later than 25 days, after Franchisee receives Franchisor's Successor Package, Franchisee must execute the Successor Franchise Agreement and return it to Franchisor.

(d) If Franchisee has exercised Franchisee's successor franchise rights as described above and have complied with all of the procedures set forth herein, and on the date of expiration of the Initial Term Franchisee satisfies all of the conditions to a Successor Term identified in Section 4(B) of this Agreement, then Franchisor will execute the Successor Franchise Agreement previously executed by Franchisee and will, deliver one fully executed copy of Franchisee's Successor Franchise Agreement to Franchisee.

(e) If Franchisee does not perform any of the acts or deliver any of the writing required herein in a timely fashion, this will be considered Franchisee's conclusive election not to exercise Franchisee's right to enter into a Successor Franchise Agreement and such right will then automatically lapse and expire without further notice or action by Franchisor. If this occurs, this Agreement will terminate at the end of the Initial Term, except for the post-termination and post-expiration provisions of this Agreement which by their nature will survive.

(f) Notwithstanding the exercise of any successor franchise option, if Franchisee fails to comply with any condition stipulated in this Section 4 within the time prescribed herein above, if Franchisee fails to meet one or more of its obligations under this Agreement at any time before the end of the Initial Term or the Successor Term, as the case may be, or if this Agreement is terminated for any reason before the end of the Initial Term or the Successor Term, any notice to exercise any successor franchise option provided by Franchisee, shall automatically and without notice be deemed to have been withdrawn and cancelled by Franchisee. In the event of such withdrawal and cancellation, any and all options to a Successor Term automatically become null and void and Franchisee will no longer have any right to enter into a Successor Term.

(g) **Time is of the essence with regard to this Section 4(B).**

C. Notice of Expiration. If applicable law requires Franchisor to give Franchisee notice of expiration of this Agreement at a specified time prior to such expiration, and Franchisor has not done so, then the term of this Agreement will be extended to the date following which Franchisor's notice has been given and the legally required notice period has expired.

Section 5. FEES

A. Initial Franchise Fee. Upon execution of this Agreement, Franchisee shall pay Franchisor an initial franchise fee of Fifty Thousand Dollars ($50,000) for each Store developed under this Agreement ("Initial Franchise Fee"). The Initial Franchise Fee shall be deemed fully earned and nonrefundable upon execution of this Agreement.

B. Royalty Fee. During the term of this Agreement, Franchisee shall pay to Franchisor a continuing weekly royalty fee equal to 5% of the Store's Gross Sales for the immediately preceding week.

C. Marketing Fund Contribution. When Franchisor forms its Marketing Fund, Franchisee agrees to pay Franchisor a weekly marketing fund contribution equal to up to 2% of the Store's prior week's Gross Sales (the "Marketing Fund Contribution"). These Marketing Fund Contributions will be expended as provided for in Section 8(D) below. Franchisor may, in its discretion, change the required Marketing Fund Contribution during the term of this Agreement upon notice to Franchisee, but in no event shall it be more than 2% of Franchisee's Gross Sales.

Notwithstanding the foregoing if Franchisee's Store is situated within a Nontraditional Location, Franchisor may, in its sole discretion, permit Franchisee to pay to Franchisee an amount higher or lower than the required Marketing Fund Contribution.

D. Software Fee; Software Maintenance Fee. Franchisee is required to utilize the software we require for use by Franchisor's franchisees (the "Software"). Franchisee must pay Franchisor a monthly license fee for the use of the Software. The monthly license fee is Three Hundred Fifty Dollars ($350) ("Software Fee") which amount shall be remitted with the first Royalty Fee of each month. Franchisee shall also pay Franchisor an annual maintenance fee of $100 ("Software Maintenance Fee"). Franchisor may charge a separate additional technology fee in the event Franchisor or its affiliates (i) develop and license to Franchisee additional software or other technology, (ii) modify or enhance software or technology already licensed to Franchisee including the website and POS System or (iii) furnishes Franchisee with other technology or e-commerce related maintenance and support services such as a franchisee portal or helpdesk.

E. Technology Fee. When Franchisor notifies you that Franchisor is instituting a Technology Fee, Franchisee agrees to pay Franchisor the then-current technology fee (the "Technology Fee"); provided, however, that the Technology Fee Franchisor charges you during the Initial Term of this Agreement shall not exceed one percent (1%) of Franchisee's prior week's Gross Sales. The Technology Fee defrays Farnchisor's costs of developing, upgrading, enhancing, implementing, operating, maintaining, supporting, hosting, securing, and integrating new and existing software and technology platforms for Angelina Italian Bakery Stores. Such platforms may include, without limitation, restaurant operating systems, product and customer distribution channels, customer facing applications, e-commerce and payment processing systems, supply chain systems for use by and for the benefit of Angelina Italian Bakery Stores. The Technology Fee may be adjusted (including the structure of the Technology Fee (e.g., percentage of sales, flat fee and/or transaction-based fee) at any time with sixty (60) days' prior written notice to Franchisee, and subject to the maximum amount stated above in this paragraph. The Technology Fee will be due and payable at the same time as the Royalty Fee set forth in Section 5(B), or as otherwise defined by Franchisor.

F. Definition of Gross Sales. "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Store (including, without limitation, income generated from deliveries, catering, online ordering and/or special events to the extent that Franchisee is authorized to conduct such services), whether received in cash, in services, in kind, from barter and/or exchange or credit (treated as a sale when the charge is made and regardless of collection in the case of credit), sales in kind from barter and/or exchange (valued at the full retail value of the goods or services received), as well as business interruption insurance proceeds. The following are included within the definition of Gross Sales except as otherwise noted: (a) the full value of beverages and food items furnished to Franchisee's Personnel except for any discounts Franchisee extends to its Personnel; and (b) the retail value of all products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Gross Sales for the purpose of determining the amount of Gross Sales upon which fees are due. Gross Sales does not include (i) sales taxes or similar taxes Franchisee legally collects from customers of the Store if Franchisee adds the taxes when Franchisee charges the customers; if the taxes are actually transmitted to the appropriate taxing authority when due; furnish to Franchisor within 30 days of payment an official receipt for payment of the taxes or any other evidence that Franchisor reasonably considers acceptable; and, state in Franchisee's weekly Gross Sales Report required by Section 5(G) the amount of all these taxes and payment to which they relate; and (ii) tips or gratuities paid directly to Franchisee's Personnel by customers of the Store or paid to Franchisee and turned over by Franchisee to its Personnel in lieu of direct tips or gratuities.

G. Reporting and Payment.

(1) On or before each Tuesday during the term of this Agreement, Franchisee shall provide a Gross Sales report (the "Gross Sales Report") to Franchisor for each week for the period ending on the close of business the immediately preceding Sunday, or any other time and/or any other period as Franchisor may prescribe from time to time. If the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. For purposes of this Section 5(G), the Store's first week of operation shall begin on the Opening Date and shall end on the following Sunday, and each subsequent week shall begin on Monday and conclude on the following Sunday. The weekly report will consist of a statement reporting all Gross Sales for the preceding week and Franchisee's calculation of the Royalty Fee, Marketing Fund Contribution and any other fees due during such period, all in the manner and form Franchisor prescribes. Franchisor must manually or electronically sign the weekly report as Franchisor directs. Franchisor reserves the right to require Franchisee to file Franchisee's weekly reports electronically or through any now or hereafter developed modes of communication and/or data transmission that Franchisor designates. Franchisee also agrees to furnish to Franchisor any other financial or non-financial data that Franchisor requests concerning the activity of Franchisee's Store in the form, manner and frequency that Franchisor requests it, including but not limited to the total sales and statistics (i.e., revenue, cost of goods sold, labor costs, number of customers, customer information, and all of the aforementioned statistics organized by category of day and customer type).

(2) Franchisee shall pay, on or before the Wednesday of each week, the Royalty Fee, Marketing Fund Contribution and Technology Fee (if any) due to Franchisor via electronic funds transfer ("EFT"), or any other means reasonably specified by Franchisor Franchisee agrees to pay all costs of electronic funds transfer (or, if Franchisor later designates, direct account debit or other similar technology). Franchisee must sign whatever documents are necessary to effect payment by EFT. Franchisee agrees to deposit and maintain at all times sufficient funds to cover all fees and payments Franchisee owes to Franchisor and its affiliates in a segregated bank account (the "Bank Account") that Franchisee forms and maintains for the Store. The Bank Account must have the capacity to make payments through the means Franchisor designates, and Franchisee must sign all documents required by Franchisee's bank, Franchisor's bank and Franchisor or for approval and implementation of the debit or transfer process. Franchisee may not change the Bank Account without Franchisor's advance written approval. Franchisee understands, acknowledges and agrees that Franchisor may, at any time, automatically collect from the Bank Account any amount due to Franchisor or its affiliates. If, when Franchisor debits Franchisee's bank account for the Royalty Fee, Marketing Fund Contributions and Technology Fee (if any), Franchisee has insufficient funds in Franchisee's Bank Account, Franchisee will have to pay the actual bank fees charged by Franchisee's bank plus pay Franchisor a fee of $100. Moreover, in the event that Franchisee fails to forward to Franchisor the reports provided herein on or before the dates set forth herein and in the manner prescribed herein or in the Manual, Franchisee hereby authorizes Franchisor to make such withdrawals based on information provided verbally to Franchisor concerning the Gross Sales of the Store or, in the absence of such information, Franchisor may make a reasonable estimate of the Gross Sales. If Franchisor makes any withdrawal on the basis of verbal information or Franchisor's estimate, Franchisor will make an adjustment within thirty (30) days after its receipt of the reports and other documents establishing the Gross Sales that Franchisee transmits to Franchisor, as described herein.

(3) Franchisor reserves the right to change the date, time and manner in which Franchisor collects Royalty payments and/or Marketing Fund Contributions due or receives Gross Sales Reports under this Section at any time upon prior written notice to Franchisee.

H. 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 Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid in full at the lesser of eighteen (18%) percent per annum, or the maximum interest rate allowed by applicable state law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum interest 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. This provision does not constitute consent to late payments or an agreement to extend credit. If Franchisee is delinquent in any required payment, Franchisor or its Affiliate(s) may apply any payment from Franchisee to any obligation due in whatever order and for whatever purposes as Franchisor determines, whether or not there is any contrary designation by Franchisee. Franchisee shall also be responsible for reimbursing Franchisor for any bank or lender charges related to the past due 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 Franchisee 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 Franchisee to any amounts Franchisee owes Franchisor or its Affiliates under this Agreement or any other agreement between them, even if Franchisee has designated the payment for another purpose or account. Franchisor may accept any check or payment in any amount from Franchisee 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) Franchisee 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 or recoup any amount due on the grounds of the alleged non-performance or breach of Franchisor or its Affiliates' obligations under this Agreement or any other agreement.

I. Other Fees and Payments. In addition to the Initial Franchise Fee, weekly Royalty Fee and Fund Contribution, Franchisee shall pay when due all other fees or amounts described in this Agreement. Franchisee also agrees to pay Franchisor or its Affiliates immediately upon demand: (a) all sales taxes, trademark license taxes and any other taxes, imposed on, required to be collected, or paid by Franchisor or its Affiliates (excluding any corporate income taxes imposed on Franchisor or its Affiliates) because Franchisor or its Affiliates have furnished programs, services or services to Franchisee, collected any fee from Franchisee, licensed Franchisor's Marks to Franchisee and/or entered into this Agreement with Franchisee; (b) all amounts Franchisor advances, pays or becomes obligated to pay on Franchisee's behalf for any reason; and, (c) any amount to reimburse Franchisor for costs and commissions paid or due to a collection agency or in connection with other collection efforts; and (d) all amounts Franchisee owes Franchisor or its Affiliates for programs, products or services that Franchisee purchases from Franchisor or its Affiliates.

J. Electronic Funds Transfer. At Franchisor's request, Franchisee shall execute and Electronic Funds Trasfer Authorization attached as Attachment F to this Agreement and all other documents necessary to permit Franchisor to withdraw funds from Franchisee's designated bank account by EFT in the amount of the Royalty Fee in Section 5(B), the Marketing Fund Contribution described in Section 5(C) and the Technology Fee in Section 5(E) if any, at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales shall be based on the information obtained by Franchisor pursuant to the Gross Sales Report. If the Gross Sales Report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the subject week based on the most recent Gross Sales Report provided to Franchisor by Franchisee; provided, that if a Gross Sales Report for the subject week is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment and any service charge. If any payments are not received when due, interest may be charged in accordance with Section 5(H). Upon written notice to Franchisee, Franchisor may designate another method of payment.

Section 6. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide, or cause the following services to be provided to Franchisee in connection with Franchisee's operation of the Store.

A. Confidential Operations Manual. Franchisor will loan Franchisee one (1) set of Franchisor's confidential operations manual, written directives and any other manuals and written materials or communications as Franchisor shall have developed for use in the System (the "Manual"). The Manual may take the form of one or more of the following: one or more loose leaf or bound volumes; bulletins; notices; videos; CD-ROMS; other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or, any other now or hereafter developed medium capable of conveying the Manual's contents. Franchisor has the right to prescribe additions to, deletions from or revisions of the the System's standards (the "Supplements to the Manual"), all of which will be considered a part of the Manual. All references to the Manual in this Agreement will include the Supplements to the Manual. Supplements to the Manual will become binding on you as if originally set forth in the Manual, upon being delivered to Franchisee. The Manual will, among other things, set forth Franchisor's operating systems, procedures, policies, methods, standards, specifications and requirements for operating Franchisee's Store. Franchisee agrees to operate Franchisee's Store in strict compliance with the Manual, the System and Franchisor's standards and specifications. Franchisor has the right to prescribe additions to, deletions from or revisions of the Manual, all of which will be considered a part of the Manual.

Franchisee acknowledges that Franchisor is the owner of all proprietary rights in the Manual and all intellectual property rights connected therewith (including common law copyright) and that Franchisee is acquiring no property or other right to the Manual other than a license to use it and comply with it during the Initial Term of this Agreement and Successor Term. Franchisee agrees to ensure at all times that Franchisee's copy of the Manual is current and up-to-date. If there is any dispute as to Franchisee's compliance with the provisions of the Manual and any supplements to the Manual, the master copy of the Manual and any supplements to the Manual maintained at Franchisor's principal office will control. Franchisee and the Principals shall at all times treat the Manual, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section 12. Franchisee and the Principals shall not at any time copy, duplicate, record or otherwise reproduce the Manual, in whole or in part, or otherwise make the same available to any unauthorized person. Any print copies (if permitted or made available by Franchisor) shall be returned to Franchisor when this Agreement expires or is terminated for any reason. Franchisee shall make the Manual available only to those of Franchisee's employees who must have access to them in order to operate the Store. Franchisee shall, at all times, keep and maintain the Manual in a secure place at the Store. Franchisor has the right to add to or modify the Manual from time to time to, among other reasons, change operating procedures, maintain the goodwill associated with the Marks, and enable the System to remain competitive. Franchisee shall comply with the terms of all additions and modifications to the Manual and shall keep the Manual current. If there is a dispute about the contents of the Manual, the terms of the master copy at Franchisor's offices shall control. The entire contents of the Manual, and Franchisor's mandatory specifications, procedures and rules prescribed from time to time shall constitute provisions of this Agreement as if they were set forth herein.

In addition to the Manual, Franchisor may issue policy statements designed to provide Franchisee with information and/or insight as to Franchisor's current thinking about various business issues or strategies. Policy statements are not part of the Manual, are not contracts and do not create any contractual or other binding obligation on either Franchisee or Franchisor.

B. Initial Training Program; Owner Training Program; Personnel Training Program.

(1) Initial Training Program.

(a) Franchisee (if Franchisee is an individual), Franchisee's Operating Principal (if Franchisee is a business entity) and Franchisee's Store Manager must attend and successfully complete to Franchisor's satisfaction an approximate four (4) week initial training program (the "Initial Training Program") prior to the Opening Date at no additional cost to Franchisee. The Initial Training Program will be held at Franchisor's headquarters, a company-owned and/or franchised Angelina Italian Bakery Store or at another location Franchisor designates. Franchisor will determine the state of commencement, location and duration of the Initial Training Program and notify Franchisee of them. Any successor or replacement Operating Principal, Store Manager or food production personnel shall successfully complete Franchisor's Initial Training Program within a reasonable time after such persons are designated. Such shall attend and complete any additional initial training that Franchisor may from time to time require. In addition, any attendee of the Initial Training Program must sign and return to us the Trainer Waiver, Assumption of Risk and Indemnification Agreement in the form of Attachment L to this Agreement, prior to such attendance.

(b) If Franchisee (if Franchisee is an individual), the Operating Principal (if Franchisee is a business entity) and/or Store Manager, in Franchisor's sole judgment, fails to satisfactorily complete Franchisor's Initial Training Program, such failure shall constitute a material and incurable breach of this Agreement, which unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure. If Franchisor terminates this Agreement for this reason, Franchisee must execute Franchisor's form of general release. Franchisee acknowledges, understands and expressly agrees that all fees paid to Franchisor shall be deemed fully earned and nonrefundable.

(c) Initial training for Franchisee (if Franchisee is an individual), Franchisee's Operating Principal (if Franchisee is a business entity) and Store Manager are provided at no charge. In addition, training required by Franchisor in connection with the introduction of new products or new methods for the System shall also be provided and Franchisee (if Franchisee is an individual), Franchisee's Operating Principal (if Franchisee is a business entity) and other personnel designated by Franchisor shall be required to attend. Franchisee shall be responsible for any and all expenses incurred in connection with any initial, required or additional training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Franchisee, Franchisee's Operating Principal and Store Manager.

(2) Owner Training Program.

(a) In addition to attending and successfully completing Franchisor's Initial Training Program, Franchisee (if Franchisee is an individual) or Franchisee's Operating Principal (if Franchisee is a business entity) must attend and successfully complete a mandatory sixty (60) day owner training program ("Owner Training Program") that extedns and supplements some of the topics covered in the Initial Training Program at no additional cost to Franchisee. However, Franchisee shall be responsible for any and all expenses incurred in connection with the costs of travel, lodging, meals and wages incurred by Franchisee or Franchisee's Operating Principal.

(b) The Owner Training Program will be at Franchisor's headquarters, a company-owned and/or franchised Angelina Italian Bakery Store or at another location Franchisor designates. Franchisor will determine the state of commencement, location and duration of the Initial Training Program and notify Franchisee of them. Any successor or replacement Operating Principal shall successfully complete Franchisor's Initial Training Program within a reasonable time after such persons are designated. If Franchisee (if Franchisee is an individual) or the Operating Principal (if Franchisee is a business entity), in Franchisor's sole judgment, fails to satisfactorily complete Franchisor's Owner Training Program, such failure shall constitute a material and incurable breach of this Agreement, which unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure. If Franchisor terminates this Agreement for this reason, Franchisee must execute Franchisor's form of general release.

(3) Personnel Training Program.

(a) Up to three (3) of Franchisee's food production personnel and two (2) of Franchisee's operations personnel must attend and successfully complete Franchisor's specialized personnel training program (the "Personnel Training Program"), before Franchisee opens the Store and such personnel commences their employment with Franchisee. Specifically, Franchisee's: (i) two operations personnel will attend a one (1) week operations training program at Franchisee's training center (or such other location that Franchisor designates), and (ii) three (3) food production personnel must attend a four (4) week training program at Franchisor's company store (or such other location that Franchisor designates). Franchisor will determine the state of commencement, location and duration of the Personnel Training Program and notify Franchisee of them. Any successor or replacement r food production personnel or operations personnel shall successfully complete Franchisor's Personnel Training Program within a reasonable time after such persons are hired. Such persons, and any other personnel of Franchisee whom Franchisor may approve, shall attend and complete any additional personnel training that Franchisor may from time to time require. If any of the food production personnel fails to successfully complete the post personnel training program test then the food production personnel must attend additional training at no additional cost to Franchisee, except that Franchisee must pay the living, transportation and meal costs and expenses for Franchisee's operations and food personnel to attend such additional training.

If the Opening Date of Franchisee's Store is more than one (1) month after Franchisees (if Franchisee is an individual), Franchisee's Operating Principal (if Franchisee is a business entity), Franchisee's Store Manager', operations personnel or the food production personnel' successfully completed Franchisor's Initial Training Program, Owner Training Program or Personnel Training Program (as applicable), then Franchisees (if Franchisee is an individual), Franchisee's Operating Principal (if Franchisee is a business entity), Franchisee's Store Manager', operations personnel or the food production personnel to attend additional training at Franchisor's discretion. There are no fees charged for this training, but Franchisee is responsible for the living, transportation and meal expenses of each attendee.

C. Site Evaluation Assistance. Franchisor will provide up to two (2) on-site visits in connection with the site evaluation of the Store as part of the Initial Franchise Fee, provided that Franchisee shall pay or reimburse Franchisor for any travel, lodging and meal expenses incurred by Franchisor's representatives. If, after providing two on-site visits, Franchisor provides Franchisee with any additional on-site visits, then Franchisee must pay Franchisor an additional site evaluation fee equal to $300 per visit (the "Additional Site Evaluation Fee"). In addition to paying the Additional Site Evaluation Fee, Franchisee must also reimburse Franchisor for it costs and expenses (including, travel, meals and lodging).

D. Opening Training and Assistance. As part of the Initial Franchise Fee, Franchisor will provide Franchisee with up to five (5) days of in-store assistance ("Opening Training and Assistance") commencing two (2) days before the Opening Date, to assist Franchisee with the Store opening. Franchisor will not charge Franchisee for such assistance: however, Franchisee shall pay or reimburse Franchisor for any travel, lodging, meals and other out-of–pocket expenses incurred by Franchisor's representatives. If Franchisee requests additional on-site or if Franchisor otherwise deems that additional on-site assistance is appropriate, then Franchisee must pay Franchisor its per diem fee of $1,500 per week for providing such additional on-site services, in addition to reimbursing Franchisor for its costs of travel, lodging, meals, and other out-of-pocket expenses.

E. On-Site/Off-Site Assistance and Remedial Training. Upon Franchisee's reasonable request or if Franchisor shall (in its sole discretion) determine it to be appropriate or necessary, Franchisor will provide Franchisee with support services, supervision and/or assistance that Franchisor considers advisable through, on-site visits, on-site remedial training, off-site sessions, telephonic, electronic or other communication modes. If Franchisor provides Franchisee with on-site visits or remedial training, then such visits or training will take place at Franchisee's Store or at Franchisor's training facility. Franchisor will require Franchisee to pay the per diem fee of $1,500 for such on-site visits and on-site remedial training, plus reimburse Franchisor for the expenses incurred by its representatives (including the costs of travel, lodging, meals, and other out-of-pocket expenses). Franchisee may also at any time communicate with Franchisor's headquarters for consultation and guidance with respect to the operation and management of Franchisee's Store. Franchisor will not charge Franchisee for such consultation or guidance. The timing of any support services, supervision, assistance and/or headquarter consultation shall be subject to the availability of Franchisor's personnel.

F. Ongoing Training. Franchisor may periodically conduct ongoing training. Such ongoing training may occur up to 12 times per year, the purpose of which is to update Franchisee (if an individual), Franchisee's Operating Principal (if Franchisee is a business entity), Franchisee's Store Managerand Franchisee's operations and food production personnel on new products and developments. Franchisor will determine the duration, curriculum and location of any ongoing training. There is no training fee for such ongoing training, but Franchisee must pay the living, travel and meal costs and expenses for each individual attending the ongoing training, plus the attendees' wages. The failure for Franchisee (if an individual), Franchisee's Operating Principal (if Franchisee is an entity), Franchisee's Store Manager, Franchisee's operations personnel and/or other food production personnel to attend any ongoing training will be treated as a default under the Franchise Agreement.

G. Annual Conference and Meeting. Franchisor may, in its sole discretion, hold annual conferences and meetings ("Annual Conference") at a location to be selected by Franchisee. Franchisee (if an individual). Franchisee's Operating Principal (if Franchisee is a business entity), Franchisee's Store Manager and Anrea Manager (if any) must attend the Annual Conference. Franchisor may charge Franchisee its then-current registration fee to attend the Annual Conference. All of Franchisee's (and its attendees') expenses, including transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are the sole responsibility of Franchisee.

H. Accounting and MIS Systems. Franchisor will specify the electronic and/or written accounting and management information system ("MIS"), procedures, formats and reporting requirements which Franchise will utilize to account for Franchisee's Store; maintain Franchisee's financial records and merchandising data; and, generate reports for both Franchisee and Franchisor. In addition to operating reports, payroll, cash management and general ledger accounts, these systems may be tailored to provide computerized point-of-sale ("POS") scanning and invoice entry. Franchisee will be solely responsible for performing all bookkeeping, recordkeeping and accounting duties prescribed under this Agreement or in the Manual and for bearing the costs of these activities.

I. Pricing. Because enhancing Angelina Italian Bakery's interbrand competitive position and consumer acceptance for Angelina Italian Bakery's programs, products and services is a paramount goal of Franchisor and its franchisees, and because this objective is consistent with the long term interest of the System overall, Franchisor may exercise rights with respect to the pricing of programs, products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which Franchisee may charge customers for the programs, products and/or services offered and sold at Franchisee's Store; recommending retail prices; advertising specific retail prices for some or all programs, products or services sold by Franchisee's Store, which prices Franchisee will be compelled to observe (colloquially referred to as "price point advertising campaigns"); engaging in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices (such as "buy one, get one free"); and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which Franchisee's Store may charge the public for the programs, products and services it offers. Franchisor may engage in any such activity either periodically or throughout the term of this Agreement. Further, Franchisor may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee understands that any maximum, minimum or other prices Franchisor prescribes or suggests may or may not optimize the revenues or profitability of Franchisee's Store.

J. Nature of Obligations. All obligations under this Agreement are to Franchisee alone. No other party is entitled to rely on, enforce or obtain relief for breach of any of Franchisor's obligations hereunder, either directly or by subrogation.

Section 7. FRANCHISEE'S OBLIGATIONS; STORE OPERATIONS

A. Opening Date. Franchisee shall open the Store and commence business within three hundred sixty five (365) days after the execution of this Agreement, unless Franchisee obtains a written extension of such time period from Franchisor (the "Opening Date"). Franchisee acknowledges that time is of the essence. The Opening Date shall be entered in Attachment A. Before the Opening Date, Franchisee shall complete all exterior and interior preparations for the Store, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications approved by Franchisor, and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Sections 7, 8 and 12 of this Agreement. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening..

B. Standards Compliance. Franchisee acknowledges the importance of maintaining uniformity among all of the Angelina Italian Bakery Stores and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Angelina Italian Bakery Stores. To protect the reputation and goodwill of Franchisor and to maintain the high standards of operation under the Marks, Franchisee shall conduct its business at all times in accordance with every provision of this Agreement, the System, the Manual, 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 Angelina Italian Bakery Stores.

C. Maintenance of Angelina Italian Bakery Store. Franchisee shall, at Franchisee's sole expense, maintain the interior and exterior of the Angelina Italian Bakery Store and the entire Store Location (including the parking lot, if any, and walkways and other facilities used by the Store) in a first class condition and repair, in compliance with all applicable laws, rules, regulations and Franchisor's Manual 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, décor, and equipment (including, but not limited to, point of sale or computer systems and security cameras and surveillance equipment) as Franchisor may reasonably direct. Franchisee also shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which Franchisor may reasonably require. Except as may be expressly provided in the Manual, no alterations, 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 Store without Franchisor's prior written approval.

D. Upgrade of Store. Franchisor will have the right to require Franchisee once during the Initial Term of this Agreement and each Successor Term, at Franchisee's sole expense, to update, remodel, refurbish, renovate, modify, redesign or make such improvements to the Store to conform it to Franchisor's then-current standards and specifications. Franchisee will have 120 days following receipt of Franchisor's notice to comply with Franchisor's directions. If any such direction of Franchisor's requires Franchisee to expend more than $30,000 to effect the directed activity, then Franchisee will have 180 days following Franchisee's receipt of Franchisor's notice to comply with Franchisor's direction. Without limitation of the foregoing, Franchisee agrees that it will make any such capital improvements (including technological improvements to any security, media or computer systems) required by this Section 7(D) if requested by Franchisor, provided that Franchisor will not require Franchisee to make any substantial capital improvement to the Store operated hereunder for the first two years of the Term. In addition, Franchisor will relieve Franchisee from Franchisor's direction if in Franchisor's sole opinion Franchisee will be unable to amortize the additional investment required during the balance of the Initial Term of this Agreement; however, under these circumstances, Franchisor may extend the term of this Agreement to allow for a new schedule of amortization, and if Franchisor does so Franchisee will be required to comply with Franchisor's direction.

E. Requirements Concerning Programs, Products and Services

(1) Programs, Products and Services Franchisee Must Sell. Franchisee must sell and offer for sale only the menu items, products and services and use in Franchisee's Store only those certain ingredients, food products, spices, seasonings, mixes, beverages, materials, other supplies used in the preparation of food products, furniture, fixtures, equipment, smallwares, forms, paper and plastic products, packaging, other materials, programs and services (collectively, the "Approved Products and Services"), which are now part of the System or which Franchisor in the future may incorporate into the System unless, as to any one or more Approved Products and Services, sale is prohibited by local law or regulation or Franchisor has otherwise granted its advance written approval. Franchisee must discontinue selling and offering for sale any menu items, products or services and any method or manner distribution which Franchisor may disapprove in writing at any time; and to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent. Franchisor has the absolute right to remove all unapproved products, goods and materials from Franchisee's Store. Franchisor reserves the right to earn a profit on the sale of the Approved Products and Services to Franchisee. Franchisee agrees to only use the method and manner of distribution Franchisor prescribes. Distribution methods may include dine-in and carry-out. Catering or delivery activities are authorized only (i) upon Franchisor's advance written consent and in Franchisor's sole discretion, if Franchisor believes the Store and its personnel have the experience and know-how to do so successfully in strict compliance with System standards, (ii) from the Store Location, and (iii) in accordance with Franchisor's System standards and specifications and so long as Franchisee does not advertise or market catering or delivery services in any area outside of Franchisee's Protected. Franchisee may withhold its consent to permit Franchisee to offer delivery from the Store for any or no reason. If, at any time, Franchisee is unable to meet customer demand for catering and delivery services or if the catering or delivery services do not comply with System standards, then Franchisor may prohibit Franchisee from providing such services by withholding or rescinding its consent and may provide or allow others (including, other franchisees or Franchisor) to provide catering and delivery within the Protected Area and Franchisee will not be entitled to any compensation in connection with this.

Franchisee must purchase from Approved Suppliers certain products, supplies, equipment, furnishings, decor, signs, materials, services and programs (including, without limitation, all of Franchisee's dough, cake sheets and paper products bearing the Angelina Italian Bakery Marks) for use in connection with the establishment and operation of Franchisee's Store. Franchisee must purchase all of its dough, croissants, croissant/donut fillings, specialty breads, pizza, focaccia, lasagna, cake sheets, tart shells, cake boxes, cake boards, donut boxes, oil paper, hot cups, hot cup lids and shopping bags from Franchisor or its Affiliate. In connection with such purchases, Franchisees will also be required to pay a delivery charge ranging between $2.80 per mile and $4.30 per mile, depending on the distance between Franchisee's Store and Franchisor's warehouse.

Franchisee must purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including computer systems), decor items, signs, and related items that Franchisor may reasonably direct from time to time in the Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Store premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor items, signs or other items not previously approved as meeting Franchisor's standards and specifications, as set forth in the Manual.

Franchisee agrees to maintain in sufficient supply and to use and sell at all times only those food and beverage items, ingredients, products, materials, and supplies that conform to Franchisor's System then-current standards and specifications; to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation; to use the brand and/or type of ingredients Franchisor requires and the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's System standards and specifications by using or offering non-conforming items or differing amounts of any items or otherwise, without Franchisor's prior written consent which Franchisor may deny for any or no reason. If Franchisor grants such written consent, then the program, product or service in question will become a part of the System; Franchisor may, but will not be required to, authorize the program, product or service for sale at one or more other Angelina Italian Bakery Stores; Franchisor may subsequently revoke its approval for any or no reason; Franchisor will own all rights associated with the program, product, or service; and, Franchisee will not be entitled to any compensation therefor.

(2) Sourcing. Franchisor may designate one or more specific manufacturers or suppliers for Approved Products and Services, which may be Franchisor or its Affiliates (an "Approved Supplier"). Further, Franchisor reserves the right to designate for either all Angelina Italian Bakery Stores or a subset of Angelina Italian Bakery Stores situated within one or more geographic regions, a single source Approved Supplier or single source regional supplier (collectively, "Single Source Approved Suppliers") of certain Approved Products and Services. If Franchisor does so, then immediately upon notification, Franchisee, Franchisor and all other Angelina Italian Bakery Stores (or, as applicable, those in the designated geographic area) must purchase the specified products and services only from such Single Source Approved Supplier. However, if at the time of Franchisor's notification Franchisee is already a party to a non-terminable supply contract with another vendor or supplier for the product in question, then Franchisee's obligation to purchase from Franchisor's Single Source Approved Supplier will not begin until the scheduled expiration (or earlier termination) of Franchisee's pre-existing supply contract. Franchisor makes no representation that Franchisor will have exclusive supply arrangements or, if Franchisor does so, that Franchisee would not otherwise be able to purchase the same products and/or services at a lower price from another supplier. Franchisor may add to, modify, substitute or discontinue exclusive supply arrangements with any Single Source Approved Suppliers in the exercise of Franchisor's business judgment.

Franchisor and/or its affiliates may derive revenue - - in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments - - from suppliers that Franchisor designates, approves, or recommends for some or all Angelina Italian Bakery Stores on account of those suppliers' prospective or actual dealings with Farnchisee's Store and other Angelina Italian Bakery Stores. That revenue may or may not be related to services Franchisor or its affiliates perform. All amounts received from suppliers, whether or not based on Franchisee's or other franchisees' purchases from those suppliers, will be Franchisor's and its affiliates' exclusive property, which Franchisor and its affiliates may retain and use without restriction for any purposes Franchisor and its affiliates deem appropriate. Any products or services that Franchisor or its affiliates sell Franchisee directly may be sold to Franchisee at prices exceeding Franchisor's and its affiliates' costs.

Upon request, Franchisor will furnish to Franchisee a list of Approved Products and Services, Approved Suppliers, Single Source Approved Suppliers and the specifications for other products where Franchisor does not designate Approved Suppliers or Single Source Approved Supplier. Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of supplies, materials, fixtures, furnishings, equipment (including computer hardware and software and security cameras), services and other products used or offered for sale at the Store. If Franchisor has Approved Suppliers or Single Source Approved Suppliers for any such item (including manufacturers, distributors and other sources), Franchisee must obtain these items from those suppliers. Franchisee acknowledges and agrees that (a) Franchisor may change the number of Approved Suppliers at any time and may designate itself, an Affiliate, or a third party as the exclusive source for any particular item; and (b) Franchisor may profit from Franchisee's purchases from Approved Suppliers, and Franchisor and/or its Affiliates may receive payments, fees, commissions or reimbursements from such suppliers in connection with Franchisee's purchases. Franchisor reserves the right (in its sole discretion) to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of Franchisee's purchases of products, services or equipment be paid directly to Franchisor as revenue or into the Marketing Fund. If Franchisor does so, then Franchisee hereby acknowledges that Franchisee will not assert any interest in such monies. If Franchisor has not designated an Approved Supplier or Single Source Approved Supplier for particular Approved Products and Services, Franchisee may purchase such products and/or services from suppliers Franchisee proposes and Franchisor approves in writing, provided the proposed suppliers meet the standards Franchisor establishes from time to time and the products and/or services to be purchased are in strict accordance with Franchisors specifications. If Franchisee desires to purchase, lease or use any alternative products, materials, furnishings, equipment or other items from an unapproved supplier for use in Franchisee's Store, Franchisee shall submit to Franchisor a written request for approval of the product and/or supplier and then furnish Franchisor with the information, data and samples that Franchisor reasonably requests for examination and testing for Franchisor's determination as to whether the product, supply, material, furnishing, equipment or the supplier meets Franchisor's specifications and standards. Franchisor does not maintain written criteria for approving alternative suppliers, and thus these criteria are not available to Franchisee or Franchisee's proposed supplier. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. The product and/or supplier must meet Franchisor's specifications to Franchisor's reasonable satisfaction. The supplier must agree: (i) to allow Franchisor or its representatives be to inspect the supplier's facilities, and (ii) that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A fee in the amount of $500 shall be paid by Franchisee or the supplier to Franchisor to evaluate Franchisee's proposed supplier, inspect the supplier's products and inspect the alternative supplier's facilities. Any supplier Franchisor approves must also agree to allow Franchisor or its representatives to re-inspect from time to time their facilities and products. The supplier must demonstrate to Franchisor's reasonable satisfaction that it is in good standing in the business community for financial soundness and reliability of its product or service. Franchisor may revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. If Franchisor revokes approval of any supplier, Franchisor will give Franchisee written notice (in the Manual or otherwise). If Franchisor revokes or deletes an Approved Supplier, then Franchisee must cease using any such disapproved supplier (or any items purchased from a revoked source of supply) which are inventoried by Franchisee's Store within 10 days following Franchisee's receipt of written or electronic notice from Franchisor, unless the item or source of supply poses a threat to the health or safety of the public, in which case Franchisee must cease using such item or source of supply immediately upon notice from Franchisor orally, electronically, or in writing. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier and Franchisor is not required to notify Franchisee of Franchisor's approval or disapproval within any specified period of time. Franchisor will approve or disapprove a proposed supplier within a reasonable period of time of the date on which Franchisor receives all information it requests about the proposed supplier.

(3) Display of Products. Franchisee agrees to place in public view, for display and sale, in accordance with the plans and layout Franchisor approves in advance, certain items required as Franchisor may reasonably prescribe from time to time. By way of example only, and without limitation, Franchisor may require Franchisee's Store to have a display case at the register, displaying certain required menu items.

F. Manner of Operation. Franchisee shall, at all times, operate the Store in strict conformity with every provision of this Agreement, the Angelina Italian Bakery System, Franchisor's methods, standards and specifications as set forth in the Manual and as from time to time otherwise prescribed in writing. Franchisee may not conduct (or permit anyone else to conduct) any business at Franchisee's Store Location other than the Angelina Italian Bakery business embraced by this Agreement without first obtaining Franchisor's written consent, which Franchisor may withhold for any reason or no reason. Franchisee acknowledges, understands and agrees that Franchisee's strict compliance with the System, this Agreement and the Manual are of the essence to this Agreement and are critically important to Franchisee, Franchisor and all other franchisees, since Franchisee's failure to adhere to the System, this Agreement and/or the Manual may damage the reputation and goodwill enjoyed by the Angelina Italian Bakery network and the Marks. Franchisee further covenants to at all times operate Franchisee's Store in a manner intended to increase Franchisor's goodwill associated with the Angelina Italian Bakery brand and the System programs, products and services, all of which goodwill Franchisee understands, acknowledges and agrees shall inure to Franchisor's sole benefit.

G. Franchisee's Participation in the Operation of the Business; Operating Principal. Unless Franchisor otherwise permits in writing, Franchisee agrees to personally supervise the operation of the Angelina Italian Bakery Store and to devote the necessary time, attention and best efforts to the performance of Franchisee's obligations under this Agreement, all ancillary documents relating to this Agreement and all other agreements which may now or hereafter be in effect between Franchisor (or any affiliate) and Franchisee (or any affiliate). If Franchisee is licensed to operate more than one Angelina Italian Bakery Store, then Franchisee agrees to devote such amount of Franchisee's time and attention to the performance of Franchisee's duties as is necessary for the proper and effective operation of each such Store. Upon the execution of this Agreement, Franchisee shall designate, and shall retain at all times during the term of this Agreement, an individual to serve as Franchisee's operating principal (the "Operating Principal") for the effective operation of Franchisee's Store.

(1) Franchisee must designate an "Operating Principal" for Franchisee's Store. If Franchisee is an individual, then Franchisee must serve as Operating Principal and if Franchisee is a business entity, Franchisee must designate an individual who either owns a majority interest in the Store or, where there is no majority owner, who we otherwise approve of in writing. The Operating Principal shall maintain a direct or indirect ownership interest of at least ten percent (10%) in Franchisee unless otherwise agreed to by Franchisor, have complete decision making authority with regard to Franchisee's Store and must have full and complete authority to alone, in all respects, act on Franchisee's behalf under this Agreement and to, alone, bind Franchisee without any need for approval, authorization or resolution. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in Franchisee shall be and remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. The Operating Principal for all Angelina Italian Bakery Stores operated by Franchisee and, if applicable, its Affiliates must be the same person, and the Operating Principal under this Agreement must be the same person. The Operating Principal shall execute this Agreement as a Principal, and shall be individually, jointly and severally, bound by all obligations of Franchisee, the Operating Principal and a Principal hereunder. The Operating Principal will oversee Franchisee's compliance with Franchisor's Manual and be in charge

of all dealings with Franchisor and such other obligations and responsibilities as set forth in the Manual. Franchisee's Operating Principal is the sole individual with whom Franchisor will be required to communicate when Franchisor seeks to communicate with Franchisee. The Operating Principal must attend and successfully complete Franchisor's Initial Training Program and Owner Training Program.

(2) If Franchisee is an individual, Franchisee must serve as or designate a store manager (the "Store Manager") to supervise the day-to-day operations of Franchisee's Store. If Franchisee is a business entity, then Franchisee's Operating Principal must serve as or designate a Store Manager. The Store Manager will be responsible for managing the day-to-day operations at Franchisee's Store, will exercise on-premises supervision and personally participate in the direct operation of the Store and such other obligations and responsibilities as set forth in the Manual. The Store Manager must attend and successfully complete Franchisor's Initial Training Program. If Franchisee owns and operates more than one (1) Store, then the Operating Principal may directly supervise the operation of one (1) of the Stores but Franchisee must designate a Store Manager approved by the Franchisor for each Angelina Italian Bakery Store. Franchisee must have at least one (1) Store Manager on duty at the Store during all hours of operation. That person may be Franchisee's Operating Principal or may be someone trained and supervised by Franchisee's Operating Principal.

(3) Franchisee's Operating Principal shall devote full time and best efforts to the supervision of the Angelina Italian Bakery Store operated by Franchisee and, without Franchisor's written consent, shall not engage in any other business. In addition, the Store Manager shall devote his or her full time and best efforts to the supervision and operation of the Angelina Italian Bakery Store business conducted by Franchisee.

(4) The Operating Principal and any Store Manager shall each demonstrate to Franchisor's satisfaction (both at the time of approval and on a continuing basis thereafter) that he/she meets Franchisor's educational, managerial and business qualifications and has the aptitude and ability to conduct, operate and supervise Franchisee's Store, as set forth in this Agreement, the Manual, or otherwise in writing and, without limitation, shall be empowered with full authority to act for and on behalf of Franchisee.

(5) Franchisee must immediately notify Franchisor if the Operating Principal or Store Manager cannot continue to serve in that capacity (whether due to death, disability or termination of employment) or no longer qualifies as such. Franchisee must designate a successor or acting Operating Principal or Store Manager promptly and, in any event, no later than thirty (30) days following Franchisor's receipt of notice. During such thirty (30) day period, Franchisee must provide for interim management of its operations in accordance with this Agreement. The above protocols and procedures governing Franchisee proposal and Franchisor's approval of Franchisee's initial Operating Principal and Store Manager shall apply to any successor Operating Principal and Store Manager Franchisee may propose. Any successor Operating Principal and Store Manager must possess those credentials set forth in the Manual, must attend and successfully complete Franchisor's next scheduled Initial Training Program and must attend and successfully complete such other reasonable training at such times as Franchisor may specify, all at Franchisee's expense. The successor Operating Principal must also attend and successfully complete Franchisor's next scheduled OwnerTraining Program at Franchisee's expense. At Franchisor's sole option, upon failure to comply with this Section, Franchisor may exercise its Step-In Rights in accordance with the provisions of Section 16(L) hereof. The failure to employ and train a successor Operating Principal and Store Manager will constitute a material breach of this Agreement.

H. <u>Business Entity Requirements and Records</u>. If Franchisee is a corporation, limited liability company, limited partnership or any other type of business entity, Franchisee must comply with the following requirements (which will also apply to any assignee of this Agreement which is a business entity):

(1) Furnish Franchisor with all of Franchisee's formation, organizational and governing documents; a schedule of all owners (indicating as to each its percentage ownership interest); any shareholder, partnership, membership, buy/sell or equivalent agreements and documents; and, a list of all of Franchisee's officers, directors and managers (as applicable).

(2) Unless Franchisor otherwise consents in writing, Franchisee's business entity's formation and governing documents must provide that its activities will be confined exclusively to the operation of the Store.

(3) Franchisee must promptly notify Franchisor in writing of any change in any of the information specified, or in any document referred to, herein.

(4) All of Franchisee's business entity's organizational documents (including any partnership agreements, incorporation documents, organization/formation documents, bylaws, operating agreements, shareholders agreements, buy/sell or equivalent agreements, and trust instruments) will recite that the issuance or transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that the sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the conduct of a Store pursuant to one or more franchise agreements from Franchisor and that Franchisee's activities will be exclusively confined to such purpose. Franchisee's organizational documents will also include a "Supremacy of Franchise Agreement" clause reciting the following: "To the extent any provision of this Agreement conflicts, violates or is inconsistent with any provision of the Angelina Franchising LLC Franchise Agreement, the parties hereto agree that the provisions of such Franchise Agreement shall supersede the same and that the parties hereto shall enter into such amendments to this agreement as are necessary in order to make the relevant provisions consistent with or non-violative of the provisions of the Angelina Franchising LLC Franchise Agreement."

(5) Franchisee will maintain stop instructions against the transfer on Franchisee's business entity's corporate records of any securities or other ownership interests, and will not issue securities or other evidences of ownership without the following legend printed legibly and conspicuously on the face of the security or other evidence of ownership:

> "The transfer of this certificate and the interests it represents are subject to the terms and conditions of one or more Franchise Agreements with ANGELINA FRANCHISING LLC, and to the restrictive provisions of the organizational documents of the issuer. Please refer to those documents for the terms of the restrictions."

(6) Without Franchisor's prior written consent (which shall not be unreasonably withheld, delayed or conditioned), Franchisee may not permit any mortgage, lien, pledge or other security interest in respect of any of Franchisee's business entity's shares, equity interests or other ownership interests. Any violation of this restriction will give Franchisor the right to terminate this Agreement immediately upon notice to Franchisee.

I. <u>Health, Safety and Cleanliness</u>. Franchisee shall at all times maintain Franchisee's Store in the highest degree of sanitation, health, safety, cleanliness, repair and condition and shall meet (or exceed) the highest standards and ratings applicable to the operation of Franchisee's Store. Franchisee shall furnish to Franchisor, within five (5) days following Franchisee's receipt thereof, a copy of all inspection reports, warnings, citations, certificates, or ratings resulting from inspections of Franchisee's Store conducted by any federal, state, county, local or other governmental agency, commission and/or authority. Franchisee shall comply with Franchisor's requirements and specifications concerning the quality, service and cleanliness of Franchisee's Store; the programs, products and services sold, offered for sale and/or provided at the Store; and, the operation of the Store under the System, as those requirements may be specified by Franchisor in this Agreement, in the Manual or otherwise in writing.

Franchisee shall permit Franchisor or its agents or representatives, at any reasonable time, to remove samples of food or non-food items from the Store, without payment, in amounts reasonably necessary for testing to determine whether such samples meet Franchisor's then-current System standards and specifications. In addition to any other remedies Franchise may have under this Agreement, Franchise 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 to Franchisor's specifications. If (a) within twenty-four (24) hours after Franchisor's written notice to Franchisee that the Store requires correction of an unsanitary, unsafe or unhealthy condition, or (b) within seven (7) days after Franchisor's written notice to Franchisee that the Store, Store Location and/or assets thereof requires repair, modification, maintenance or painting, Franchisee has not corrected the subject condition to Franchisor's satisfaction, Franchisor or its representatives may (without being guilty or responsible for any unauthorized access to the property or for damage, harm or offence) enter and/or take possession of the Store to either make such repairs, alterations, maintenance or painting on Franchisee's behalf (and at Franchisee's sole cost and expense, for which Franchisee will be required to reimburse Franchisor) or to determine whether the subject condition was corrected to Franchisor's satisfaction.

J. Modifications to the System. In Franchisor's sole discretion, Franchisor may from time to time modify any components of the System and requirements applicable to Franchisee by means of supplements to the Manual or otherwise, including, but not limited to, altering the programs, products, services, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the programs, products and services which Franchisee's Store is authorized and required to offer; modifying or substituting the equipment, signs, trade dress and other Angelina Italian Bakery Store characteristics that Franchisee is required to adhere to (subject to the limitations set forth in this Agreement); and, changing, improving, modifying or substituting for the Marks. Franchisee agrees to implement any such System modifications as if they were part of the System at the time Franchisee signed this Agreement. Franchisee acknowledges that because uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right to materially vary its standards or franchise agreement terms for any Angelina Italian Bakery Store, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which Franchisor considers important to the successful operation of the Store. Franchisee will have no right to require Franchisor to disclose any variation or to grant the same or a similar variation to Franchisee.

K. Research and Testing. Franchisor may from time to wish to test and/or research new programs, products and services for the System. If Franchisor does, Franchisee agrees to cooperate and collaborate with Franchisor and Franchisor's representatives, at Franchisee's sole cost and expense, regarding such test and/or research.

L. Inspection. Franchisor (and its authorized agents or representatives, including outside accountants, auditors and/or inspectors)may enter the Store at any time for the purpose of conducting inspections (including but not limited to, interviewing Personnel and customers, removing samples of products or supplies sold at the Store and copying any records or other information about the Stores). Franchisee agrees to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request. Franchisee must present to its customers all evaluation forms periodically prescribed by Franchisor and participate and/or request Franchisee's customers participate in any surveys performed by Franchisor or its designee; 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 promptly any deficiencies detected during an inspection. Franchisor shall have the right, but not the obligation to conduct a mystery or secret shopper program as one means of inspecting and evaluating Franchisee's performance under this Agreement and complying with System standards. Franchisee shall participate in any mystery or secret shopper program and Franchisor may charge Franchisee a per Store visit fee to compensate for all costs related to the program, which shall be payable within seven (7) days from Franchisee's receipt of Franchisor's invoice. 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 time and expenses in so taking the corrective action (including, without limitation, any necessary re-inspection or requiring additional remedial training for Franchisee and its personnel). Any such program fees or fees for corrective action are payable by Franchisee immediately upon demand.

M. Hours of Operation. Franchisee agrees to continuously keep the Store open for business on the days and during the minimum hours specified in Attachment A hereto and as may be further instructed by Franchisor. Franchisee may establish hours of operation in addition to the required minimum hours, subject to applicable laws, rules or regulations and/or the provisions of Franchisee's Lease.

N. Store Management; Staffing and Training. Franchisee agrees to have on duty at the Store during all hours of operation the Operating Principal, Store Manager, or other qualified manager. Franchisee must, in accordance with System Standards and to the extent Franchisor designates from time to time, recruit, train and develop all employees, independent contractors, and any other personnel or staff as may be needed to properly operate the Store ("Personnel"). Franchisee agrees to maintain a competent, conscientious, trained staff in sufficient numbers as necessary to promptly, efficiently and effectively service customers. Franchisee shall take such steps as are necessary to ensure that Franchisee's employees preserve good customer relations. Franchisee understands and acknowledges that Franchisor is under no obligation or liability to any of Franchisee's Personnel for any remuneration, compensation, commission, employment or any other duty, responsibility, liability or obligation. Franchisee shall decide the compensation to be paid to Personnel. Franchisor will not be responsible for payment of any compensation to Franchisee or its Personnel. Franchisee shall maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its Personnel preserve good customer relations and comply with any dress code Franchisor may prescribe.

O. Indemnification. Franchisee agrees that Franchisee will, at Franchisee's sole cost, at all times defend and hold harmless Franchisor, any affiliate of Franchisor, the affiliates, subsidiaries, successors, assigns and designees of each; and, the officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees and representatives of all of the foregoing (Franchisor and all others referenced above being the "Indemnitees"), and indemnify, reimburse and hold harmless Franchisor and the Indemnitees to the fullest extent permitted by law, against all claims, losses, liabilities and costs (as denominated in the following paragraph) incurred in connection with any judicial, administrative or arbitration action or proceeding (including bankruptcy, insolvency, debtor/creditor or similar proceedings), suit, claim, demand, investigation, or formal or informal inquiry (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing, which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of Franchisee's entry into this Agreement; Franchisee's establishment, construction, ownership, opening and operation of Franchisee's Store, including any other business operating within or in relation to the Store (which other business, if any, shall be subsumed within this paragraph's references to the Store) and further including (without limitation) any personal, bodily or mental injury, death, property damage or loss, suffered by any customer, visitor, manager, operator, supplier, employee or guest of the franchised Store; crimes committed on or near any of the premises or facilities of Franchisee's Store or vehicles used by Franchisee's Store; all acts, errors, neglects or omissions engaged in by Franchisee, Franchisee's contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of Franchisee's Store, whether or not any of the foregoing was approved by Franchisor; defects in any Store Franchisee construct and/or operate, whether or not discoverable by Franchisee or by Franchisor; product recalls resulting from or related to Franchisee's acts, errors or omissions; all acts, errors, neglects or omissions of Franchisee or the Store and/or the owners, officers, directors, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives of Franchisee and/or the Store and/or the Store Location (or any third party acting on Franchisee's behalf or at Franchisee's direction), whether in connection with the Store, the Location or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any delivery person or vehicle serving Franchisee's Store; any claim, however and wherever asserted, that we or our affiliates are the employer, joint employer or co-employer of Franchisee and/or Franchisee's employees (including, without limitation, any claims against us for your violation of any federal, local or state labor and/or wage and hour laws, rules or regulations); third party claims against Franchisor arising from or related to Franchisee's breach of the terms, restrictions and requirements of this Agreement (including, without limitation, Franchisee's unauthorized use of the Marks, violation of any applicable laws, codes, rules or regulations or failure to comply with Privacy Laws); Franchisee's violation of Privacy Laws; all liabilities arising from Franchisee's offer, sale and/or delivery of programs, products and/or services as contemplated by this Agreement; Franchisee's offer, sale and/or delivery of securities, equity interests or other ownership interests in Franchisee or the franchised Store; all activities, conduct and representations which Franchisee may engage in connected to any actual or attempted transfer (as defined in Section 14(B)) of any interest whatsoever in Franchisee or the franchised Store (or any entity which controls (as defined in Section 14(B)) Franchisee or the franchised Store); and, any action by any customer of Franchisee or visitor to Franchisee's Store or any other facility operated in conjunction with Franchisee's Store (collectively, an "Indemnification Claim").

As used herein, the phrase "claims, losses, liabilities and costs" includes all claims; causes of action; fines; penalties; liabilities; losses; employment liabilities; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damage to our reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnitees' attorneys and/or experts); all expenses of recall, refunds, compensation and public notices; and, other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by you pursuant hereto, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of the actions, activity or defense.

Specifically excluded from the indemnity Franchisee gives hereby is any liability associated with Franchisor's or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee).

Franchisee agrees to give Franchisor written notice of any suit, judicial or administrative investigation, proceeding, claim, demand, inquiry or any other event that could be the basis for an Indemnification Claim within three days of Franchisee's actual or constructive knowledge of it. At Franchisor's election, Franchisee will also defend Franchisor and the other Indemnitees (including, Franchisor) against the Indemnification Claim. Franchisor will have the right, at Franchisee's cost, to control the defense of any Indemnification Claim (including, the right to select its counsel or defend or settle any Indemnification Claim at Franchisee's sole expense) if Franchisor determines that such Indemnification Claim may directly or indirectly affect the interests of any of the Indemnitees (including, Franchisor). Franchisor's undertaking of the defense and/or settlement will in no way diminish Franchisee's obligation to indemnify the Indemnitees and hold them harmless.

Franchisor will have the right, at any time we consider appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions Franchisor considers expedient with respect to any Indemnification Claim if, in Franchisor's sole judgment, there are reasonable grounds to do so. None of the Indemnitees (including

Franchisor) shall be required to seek recovery from third parties or otherwise mitigate their losses to claim indemnification from Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable from Franchisee by any of the Indemnitees (including, Franchisor). The indemnification obligations of this Section 7(O) will survive the expiration or sooner termination of this Agreement.

P. Cobranding. Franchisor may determine from time to time to incorporate into the System programs, products or services which Franchisor either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which Franchisee's Store, along with other Angelina Italian Bakery Stores, will be required to offer and sell ("Co-Branding"). This Co-Branding may involve changes to the Marks and may require Franchisee to make modifications to premises of Franchisee's Store and the furniture, fixtures, equipment, signs and trade dress of Franchisee's Store. If Franchisee receives written notice of Franchisor's institution of Co-Branding, Franchisee agrees promptly to implement that program at Franchisee's Store at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any Co-Branding increase Franchisee's Royalty Fee, Marketing Fund Contribution, Technology Fee (if any) or Local Marketing Requirement obligations under this Agreement.

Q. Trade Accounts. Franchisee agrees to maintain Franchisee's trade accounts in a current status and to seek to promptly resolve any disputes with trade suppliers. If Franchisee does not maintain Franchisee's trade accounts in a current fashion, Franchisor may pay any or all of the accounts on Franchisee's behalf, but Franchisor will have no obligation to do so. If Franchisor pays any accounts on Franchisee's behalf, then Franchisee agrees to immediately repay Franchisor as provided by Section 5(I). If Franchisee does not keep Franchisee's trade accounts current or make immediate repayment to Franchisor, this will be a material breach of this Agreement entitling Franchisor to terminate this Agreement following Franchisor giving Franchisee notice and an opportunity to cure Franchisee's breach.

R. Computer and POS Systems. Before the Store opens, Franchisee agrees to procure and install and maintain, at Franchisee's expense, the computer hardware, software (including, without limitation, point of sale software), wired and/or wireless internet connections and service, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment (the "Computer and POS System") Franchisor requires for the operation of the Store specifies in the Manual or otherwise in writing. Among other things, Franchisor may require that Franchisee install and maintain systems that permit Franchisor to access and retrieve electronically any information stored in Franchisee's computer systems, including, without limitation, information concerning Store Gross Sales, inventory and other sales data, at the times and in the manner that Franchisor may specify from time to time. Franchisee agrees to provide all assistance Franchisor requires to bring Franchisee's Computer and POS System online with Franchisor's computers at the earliest possible time and to maintain these connections as Franchisor requires. Franchisee agrees to input and maintain in Franchisee's Computer and POS System all data and information which Franchisor prescribes in its Manual, in its proprietary software (if any) and otherwise. Franchisor will have independent access to Franchisee's Computer and POS System. Franchisee must accurately, consistently and completely record and provide through the Computer and POS System all information concerning the operation of the Store that Franchisor requires, in the form and at the intervals that Franchisor requires.

If and when Franchisor acquires or develops any proprietary or other software programs for use by Angelina Italian Bakery Stores (the "Software Programs") and software support services, Franchisee will be required to purchase same from Franchisor or from any such third party supplier Franchisor designates at its then-current cost, pay its then-current software support fees associated therewith, use such software. Franchisee agrees to purchase from Franchisor or its designee, as applicable, new, upgraded or substitute proprietary software whenever Franchisor determines to adopt them system-wide, at the prices and on the terms that Franchisor or such third party vendor establishes, but

Franchisee will not be required to do so more than once in any calendar year. Franchisor also may require Franchisee to enter into Franchisor's form of software license agreement (attached hereto as Attachment E)for software Franchisor develops or acquires for use in the System. All information contained in and collected by any such computer program (including, but not limited to, information pertaining to customers of the Store) shall be the sole and exclusive property of Franchisor. Franchisee will provide to Franchisor all user IDs and passwords required to access files and other information stored on the Store's Computer and POS System. Franchisee will at all times ensure that the only personnel conducting transactions on Franchisee's Computer and POS System will be those who have been trained and qualified in accordance with the requirements of the Manual.

Franchisee agrees, at Franchisee's expense, to keep Franchisee's Computer and POS System in good maintenance and repair. Franchisor may mandate that Franchisee add memory, ports, accessories, peripheral equipment and additional, new or substitute software. Following Franchisor's testing and determination that it will prove economically or systemically beneficial to Franchisee and to Franchisor, Franchisee agrees to install at Franchisee's own expense the additions, modifications, substitutions and/or replacements to Franchisee's Computer and POS System hardware, software, telephone and power lines and other Computer and POS System facilities as Franchisor directs, on the dates and within the times Franchisor specifies in the Manual or otherwise.

Franchisee understands and agrees that modes of computerization and communication are rapidly evolving and that, accordingly, Franchisor may require Franchisee at Franchisee's expense to purchase, install and utilize at Franchisee's Store such hereafter developed modes of computerization, communication, media and/or interfaces as Franchisor, in its discretion, determines to incorporate into the System. Franchisee shall do so at such time and in such manner as Franchisor designates, in the Manual or other written notices.

Upon termination or expiration of this Agreement, Franchisee must return all software, disks, tapes and other magnetic storage media to Franchisor in good condition, allowing for normal wear and tear.

S. Websites and Social Media. Franchisee may not maintain Franchisee's own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with Franchisee's Store; establish a link to any website Franchisor establishes at or from any other website or page; or, at any time establish any other Website, electronic commerce presence or URL which in whole or in part incorporates the "Angelina Italian Bakery" name or any confusingly similar name. Franchisor alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the Angelina Italian Bakery System. Franchisor has established, or may establish, one or more Websites that provide information about the System and the products and services offered by Angelina Italian Bakery Stores. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the Marketing Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.

Franchisor may (but is not required to) include at the Website a location subpage containing information about Franchisee's Angelina Italian Bakery Store ("Franchisee's Webpage"). If Franchisor includes such information on the Website, Franchisor may require Franchisee to prepare (or pay Franchisor or a third party to prepare) all or a portion of Franchisee's Webpage, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Franchisee must routinely provide Franchisor with updated copy, photographs and news stories about Franchisee's Store suitable for posting on Franchisee's Webpage. Franchisor will specify the content, frequency and procedure of these in the Manual. Any websites or other modes of electric commerce that Franchisor establishes or maintains may – in addition to advertising and promoting the products, programs or services available at Angelina Italian Bakery Stores – also be devoted in part to offering

Angelina Italian Bakery franchises for sale and be utilized by Franchisor to exploit the electronic commerce rights which Franchisor reserves.

Franchisor also shall have the sole right (but no obligation) to develop an intranet through which Franchisor and its franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an intranet, Franchisee 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).

Neither Franchisee nor any Principal may, without the express written permission of Franchisor or in strict compliance with the Manual, (1) use any form of social media or application (including without limitation Facebook, LinkedIn, Twitter, Instagram, Foursquare, text service or text-related application or any web-based program, software, website or application, "<u>Social Media Platform</u>") to promote Franchisee's Store, or (2) use any material on any Social Media Platform that makes use of Franchisor's Marks, name, brand, products or Franchisee's Store whether created by Franchisor, Franchisee or a third-party.

T. <u>Customer Complaints</u>. Franchisee shall promptly process and handle all consumer complaints and requests connected with or relating to the Store, and shall promptly notify Franchisor of all such claims, and promptly forward to Franchisor the supporting documents confirming the requests and complaints received and actions taken to address any situation and, if necessary, to contact Franchisor regarding its suggested approach to address these complaints and/or requests.

U. <u>Governmental Actions</u>. Franchisee shall notify Franchisor in writing within three (3) days of the commencement of any action, suit or proceeding and/or the issuance of any citation, order, writ, injunction, award or decree of any court, agency or other governmental or quasi-governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee's Store. Franchisee shall maintain any communications with governmental authorities affecting the Store during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

V. <u>Testimonials and Endorsements</u>. Franchisee agrees to permit Franchisor (or any of Franchisor's authorized agents or representatives) to communicate in any manner with Franchisee's customers to procure customer testimonials and endorsements of the programs, products or services furnished by Franchisee's Store and any related programs, products or services. Franchisee agrees to cooperate with Franchisor in procuring testimonials and endorsements. Franchisee agrees that Franchisor will be free to make whatever use of testimonials and endorsements that Franchisor determines, and that Franchisor will owe Franchisee absolutely no direct or indirect compensation or other duty as a consequence of our use.

W. <u>Adequate Reserves and Working Capital</u>. Franchisee must at all times maintain adequate reserves and working capital sufficient for Franchisee to fulfill all Franchisee's obligations under this Agreement and to cover the risks and contingencies of Franchisee's Store for at least three (3) months. These reserves may be in the form of cash deposits or lines of credit.

X. <u>Credit Cards and Other Modes of Payment</u>. Franchisee agrees to become and remain a merchant for any credit cards and/or debit cards which Franchisor may specify in its Manual or otherwise. Franchisee also agrees to use and accept mobile payments from any mobile payment service (including, without limitation, Apple Pay, Google Pay, PayPal, Venmo and Zelle) that Franchisor may specify in its Manual or otherwise. Further, Franchisee agrees to maintain the creditworthiness required of each of these credit card or debit card (or other mode of payment) issuers; to honor these cards and payment methords for credit purposes; and, to abide by all related regulations and procedures that Franchisor and/or the credit card and/or debit card issuer prescribes. Further, Franchisee agrees that, at Franchisee's sole expense, Franchisee shall at Franchisor's direction and by the time Franchisor specifies purchase, purchase, install and utilize such equipment, hardware, software, facilities and personnel necessary to enable now or hereafter developed alternative modes of customer payments (beyond cash, credit cards and debit cards). Such alternative modes of payment may include, by way of example only, "smart phone" payment transactions.

Y. Gift Card and Loyalty Program. Franchisee agrees that Franchisee must participate and comply with the requirements of any gift card, gift certification, customer loyalty or retention program that Franchisor designates, and Franchisee further agrees that Franchisee will be required to purchase gift cards, gift certificates, hardware, software and other equipment in connection with Franchisee's participation in Franchisor's gift card program.

Z. Compliance with Security Protocols. Franchisee agrees to assure all communication connections (of whatever form, wireless, cable, internet, broadband or other) and access to financial information, especially credit card information, is at all times kept secure in a manner which is in compliance with all legal requirements and, particularly, with all security requirements of the issuing credit card companies. Franchisee further agrees to hold Franchisor and the other Indemnitees (as defined in Section 7(O)) harmless from any and all claims and liabilities related to Franchisee's failure to do so. In addition, at Franchisee's cost, Franchisee agrees to provide Franchisor with a written report of verification from a specialist approved by Franchisor confirming compliance with the obligations imposed by this Section 7(Z) and any other proof of such compliance that Franchisor may reasonably require.

AA. Legal Compliance. In addition to complying with its obligations under this Agreement, Franchisee shall adhere to the highest standards of honesty, integrity and fair dealings with the public and shall strictly comply with all applicable federal, state, county, municipal and local governmental or quasi-governmental laws, rules, regulations, ordinances and orders which govern the construction or any element of the operation of Franchisee's Store. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. In addition, Franchisee also agrees to obtain and keep in good standing all licenses, permits and other governmental consents and approvals which are now or hereafter required to operate Franchisee's Store now or in the future.

BB. Anti-Terrorism Laws. Franchisee represents and warrants to Franchisor that, as of the date of this Agreement and at all times during the Term hereof, and to Franchisee's actual or constructive knowledge, neither Franchisee nor any affiliate of Franchisee, any individual or business entity having a direct or indirect ownership interest in Franchisee or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or manager, employee of any of the foregoing, nor any funding source Franchisee utilizes is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC) (i.e., the Annex to Executive Order 13224, a copy of which is available at http://www.ustreas.gov/offices/enforcement/ofac/.); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government or by any individual that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. Franchisee agrees that Franchisee will immediately notify Franchisor in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, Franchisee may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a "Specially Designated National or Blocked Person" (as defined below) or to a business entity in which a "Specially Designated National or Blocked

Person has an interest. For the purposes of this Agreement, "Specially Designated National or Blocked Person" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or, (iii) a person or entity otherwise identified by any government or legal authority as a person with whom Franchisee (or any of Franchisee's owners or affiliates) or Franchisor (or any of Franchisor's owners or affiliates) are prohibited from transacting business. Franchisee agrees not to hire, retain, employ or otherwise have any dealings with a person or entity in contravention of the Patriot Act; any law, rule or regulation pertaining to immigration or terrorism; or, any other legally prohibited individual or entity. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, Personnel, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchise certifies, represents, and warrants that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 7(O) of this Agreement pertain to Franchisee's obligations under this Section 7(BB). Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, or Personnel shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates in accordance with the terms of Sections 16(C)(11) of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

CC. No Conflicting Agreements. During the Term of this Agreement, Franchisee may not be a party to any contract, agreement, business entity formation or governance document, mortgage, Lease or restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

DD. Privacy and Data Protection. Franchisee will: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing of information that can be used (alone or when used in combination with other information within Franchisee's control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual ("Personal Information") in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules ("Privacy Laws"); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by Franchisor that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause Franchisor to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing Franchisor deems necessary in Franchisor's business judgment to keep Franchisor in compliance with the Privacy Laws; and (v) immediately report to Franchisor the theft or loss of Personal Information (other than the Personal Information of Franchisee's own officers, directors, shareholders, employees or service providers). Franchisee must also comply with payment card industry ("PCI") standards, norms, requirements and protocols, including PCI Data Security Standards.

Section 8. MARKETING AND RELATED FEES

A. Promotional Programs.

(1) Franchisee shall participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that Franchisor implements for all or part of the Angelina Italian Bakery franchise system and shall sign the forms and take the other action that Franchisor requires in order for Franchisee to participate in such programs.

(2) In addition to the programs described in Section 8(A)(1), Franchisor may, from time to time, in its sole discretion, develop and administer marketing and sales promotion programs designed to promote all or certain groups of Angelina Italian Bakery Stores 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. The standards and specifications established by Franchisor for such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, shall be final and binding upon Franchisee.

B. Marketing Expenditures. During each calendar year throughout the term of this Agreement commencing upon the opening of the Store for business, Franchisee shall spend an amount of up to three percent (3%) of the Store's Gross Sales on marketing (the "Marketing Assessment"). Notwithstanding the foregoing, Franchisee may spend in excess of three percent (3%) if it chooses. Initially, the Marketing Assessment will consist of Franchisee (i) spending one percent (1%) of the Store's monthly Gross Sales on local marketing (the "Local Marketing Requirement"), as described in Section 8(C), and (ii) contributing the Marketing Fund Contribution (not to exceed 2% of the Store's Gross Sales) set forth on Attachment A to the Marketing Fund described in Section 8(D), at the time and in the manner that Royalty Fee payments are made. Upon written notice to Franchisee, Franchisor may vary the amount of the Marketing Assessment that Franchisee is required to spend for local advertising, or as a Marketing Fund Contribution; provided that in no event will Franchisee's total required expenditures for marketing exceed the maximum Marketing Assessment specified herein. Franchisees in Nontraditional Locations or other non-traditional locations or Store formats may have different requirements for Marketing Assessments.

C. Local Marketing. The portion of the Marketing Assessment that Franchisee spends on local marketing must be spent on marketing Franchisee's Store in the Store's local market area. Within fifteen (15) days following the end of each calendar quarter (and at any other times that Franchisor may require), Franchisee shall submit a quarterly marketing expenditure report (including, copies of all statements, invoices and checks issued during the preceding quarter) to Franchisor, accurately reflecting Franchisee's local marketing expenditures for the preceding quarter, which may include expenditures on television, radio, newspapers, magazines, billboards, posters, banners, brochures, direct mail, advertising on public vehicles and other types of marketing designated in the Manual and approved by Franchisor in accordance with the provision of this Agreement. If Franchisee fails to expend the required minimum amount for local marketing, then any amounts that Franchisee should have expended to fulfill the requirement must be contributed to the Marketing Fund at such times as Franchisor specifies. At least sixty (60) days prior to the beginning of each semi-annual period, Franchisee shall submit a semi-annual marketing plan for such upcoming semi-annual period. Expenditures incurred for any of the following may not be included in local marketing expenditures for purposes of this Section 8(C), unless Franchisor first approves them in writing:

(1) Incentive programs for Franchisee's Personnel or agents, including the cost of honoring any discounts or coupons, and salaries and expenses of any of Franchisee's Personnel,

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

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

(4) The cost of Yellow Pages listings.

D. Marketing Fund. Franchisor has not currently established a systemwide marketing fund (the "Marketing Fund" or "Fund"), but it reserves the right to establish a Marketing Fund in the future. When Franchisor forms a Marketing Fund, Franchisee must contribute to the Fund the amounts required under Section 8(B) of this Agreement, at the time and in the manner set forth in Sections 5(C) and 5(F), which combined with the contributions made by all other Angelina Italian Bakery franchisees, and by Franchisor's or Franchisee's Affiliates, will constitute the Fund. Franchisor or its designee will administer the Fund as follows:

(1) Franchisor will direct all marketing production programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. Franchisee acknowledges that the Fund is intended to further general public recognition and acceptance of the Marks for the benefit of the System.

(2) Franchisor or its Affiliates will contribute to the Fund generally on the same basis as franchisees for any Angelina Italian Bakery Stores they operate except that Franchisor may, in its sole discretion, allow Angelina Italian Bakery Stores operating in certain Nontraditional Locations to contribute less or differently to the Fund (whether the Angelina Italian Bakery Stores are company-owned, affiliate owned or franchisee owned).

(3) Franchisor may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing and paying for national, regional or local advertising and marketing, including (without limitation) the cost of: preparing and producing television, radio, cable, magazine, newspaper and worldwide web/internet advertising campaigns; direct mail and outdoor billboard advertising; public relations activities and advertising agencies; developing, maintaining and periodically modifying the Angelina Italian Bakery website and supporting social media activities; designing promotional materials (which Franchisees may reproduce at their own cost); other advertising, marketing and public relations materials; point-of-purchase materials; consumer research, interviews and related activities; advertising at sports events; mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships; mystery shoppers (both for the System and for competitive networks or units); celebrity endorsements; reviewing any advertising material Franchisee proposes to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; conducting customer surveys and customer interviews; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; related retainers; cellular telephone and smartphone media programs; other activities that Franchisor in its business judgment believe are appropriate to enhance, promote and/or protect the System or any component thereof; engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees; and personnel and other departmental costs for marketing that Franchisor internally administers or prepares. Merchandise and premium items, if developed out of the Fund, may be sold to franchisees at a reasonable cost. Earnings on the sale of premium items will be contributed to the Fund. Though the Marketing Fund's purpose is to promote the Angelina Italian Bakery brand, Franchisor reserves the right to include "Franchises Available" or similar language along with its contact information on any advertising purchased through the Marketing Fund.

(4) Within 60 days following the close of Franchisor's fiscal year, Franchisor may prepare (but not audit) an annual statement detailing the Fund's income and expenses for the fiscal year end and will make it available to Franchisee upon request.

(5) In administering the Fund, Franchisor undertakes no obligation to make expenditures for Franchisee which is 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 or to ensure that any advertising impacts or penetrates the Protected Area of Franchisee's Store. The Fund is not a trust and Franchisor is not a fiduciary with respect to the Fund.

(6) Franchisor need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from its other funds, but Franchisor may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. Franchisor will account for the Marketing Fund separately from its other funds and it will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs (including legal and accounting), travel expenses and overhead as Franchisor may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market surveys; preparing advertising, promotion and marketing materials; working with advertising agencies, advertising placement services and creative talent; collecting and accounting for contributions to the Marketing Fund (including, preparing an annual statement of Fund Contributions and expenditures as provided for above); and, otherwise devoting Franchisor's personnel, resources and/or funds for the benefit of the Fund. Franchisor may spend, on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Franchisees to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any interest earned on monies contributed to the Marketing Fund will be an asset of the Marketing Fund. Franchisor has the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and such successor entity will have all of the rights and duties specified in this Agreement. Franchisor's right to expend monies from the Fund to reimburse it for such activities is exclusive of any advertising agency fees which the Fund must expend to secure the services of an advertising agency or to have print, broadcast or internet advertising placed by an agency. The Fund and its earnings will not otherwise inure to Franchisor's benefit.

(7) Franchisor expects to expend most contributions to the Fund for advertising during the fiscal year when the contributions are made. Any unspent accrued Marketing Fund Fees for any calendar year will be used in the next calendar year.. If Franchisor expends less than the total sum available in the Fund during any fiscal year, Franchisor may either expend the unused sum during the following fiscal year or rebate all or a portion of the unused sum to franchisees on a pro rata basis for them to spend on local advertising and promotion (as provided for in subsection 8 below). If Franchisor advances and expends an amount greater than the amount available in the Fund in any fiscal year (in addition to any sum required to be expended because Franchisor did not expend all the sums in the Fund during the preceding year), Franchisor will be entitled to reimburse itself from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which Franchisor advances and expends any such sum).

(8) Franchisor reserves the right to use any media, create any programs and allocate advertising funds to any regions or localities in any manner Franchisor considers appropriate in its business judgment. The allocation may include rebates to individual franchisees of some or all of their Fund Contributions for local advertising expenditures if, in Franchisor's judgment, its national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If Franchisor determines that the total Marketing Fund Contributions collected from all Angelina Italian Bakery franchisees and company-owned Angelina Italian Bakery Stores is insufficient to sustain a meaningful regional or national advertising campaign, Franchisor may rebate all or a portion of the Marketing Fund Contributions to franchisees and Franchisor (or its Affiliates') company-owned Angelina Italian Bakery Stores on a pro rata basis. Franchisees must expend any rebate on the types of local advertising and

media that Franchisor determines. All rebate advertising expenditures must be documented to Franchisor in a monthly rebate advertising expenditure report form which Franchisor will furnish in its Manual or otherwise.

(9) 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 a proportional basis to their respective contributions over twelve months prior to such termination.

E. Grand Opening. For a period of four (4) consecutive months, beginning one (1) month prior to Franchisee's Opening Date (and continuing for three (3) months after said Opening Date), Franchisee shall carry out a grand opening promotion for the Store in accordance with Franchisor's standards, including, without limitation, those related to the type, manner and size of the grand opening promotion. Franchisee must obtain Franchisor's prior written approval of all marketing materials, methods and media Franchisee wishes to use in connection with such grand opening promotion in accordance with Section 8(F). Franchisee must spend a mininmum of Five Thousand Dollars ($5,000) on the Store's grand opening promotion. Franchisee shall submit one or more expenditure reports to Franchisor within thirty (30) days after the last day of the grand opening promotion, accurately reflecting Franchisee's grand opening expenditures. Franchisee may credit its grand opening expenditures required under this Section (provided such expenditures are substantiated) against the satisfaction of Franchisee's Local Marketing Requirement for the first quarter after the Opening Date.

F. Marketing Approvals. All advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and in a fashion calculated to avoid fraud, illegality, deception, misrepresentation, embarrassment, shame, ridicule, disparagement or liability of any type or nature accruing to Franchisee, Franchisor, the System, Franchisee's Store or other Angelina Italian Bakery franchisees or Angelina Italian Bakery Stores. Franchisee shall conform all of its advertising to Franchisor's standards, specifications and requirements specified in writing by Franchisor, in its Manual or otherwise. Franchisee must obtain all advertising and marketing materials used for the Store from a supplier approved by Franchisor. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials, including, without limitation, those placed on the internet. The creative approval process, as it may be updated from time to time, can be found in Franchisor's Manual. If Franchisor learns that Franchisee has breached these requirements, Franchisor will notify Franchisee in writing and if Franchisee does not cure the breach within 3 days following delivery of Franchisor's notice, then Franchisor may terminate or remove any unauthorized advertising at Franchisee's expense, and will also be entitled to terminate this Agreement unilaterally and immediately upon notice to Franchisee (which Franchisor may also do if Franchisor's breach, by its nature, is incurable).

Under this Agreement, the term "advertising" is defined to mean any and all advertising, identification and promotional materials and programs of any type or nature whatsoever including print and broadcast advertisements; direct mail materials; brochures; advertising specialties; electronic commerce communications and "bulletin boards"; any advertising on the internet/worldwide web; any advertising or promotion on social media; public relations and brand awareness programs; freestanding inserts and coupons; sponsorships; point of sale materials; press releases; business cards; displays; leaflets; telephone and computer greetings; messages and voice-mail/e-mail sent to or accessible by customers or other third parties; promotional material captured in any electronic medium; any advertising through any hereafter developed media, platforms, devices or modes of communication; and, any other material or communication which Franchisor denominates as "advertising" in its Manual or otherwise.

Franchisee agrees to submit to Franchisor for approval, before use or dissemination, copies of all proposed advertising Franchisee intends to use (except for advertising which Franchisor furnishes to Franchisee under this Agreement or advertising Franchisee has previously submitted and Franchisor has approved). Franchisor's approval of any of

Franchisee's proposed advertising may be withheld for any or no reason. If Franchisee does not respond within 10 business days following Franchisor's documented receipt of Franchisee's proposed advertising material, then Franchisor's approval will be deemed withheld and the proposed advertising material not approved. Franchisor's grant or denial of Franchisor's approval of Franchisee's proposed advertising will not give rise to any liability on Franchisor's part and Franchisee will not assert claims against Franchisor to the contrary.

G. Marketing Tests and Surveys. At Franchisor's sole discretion, Franchisor may ask or mandate that Franchisee participate in certain marketing tests and surveys in accordance with any and all terms and specifications set forth in (i) the applicable contract or agreement governing such tests or survey arrangement and (ii) the Manual. Franchisee must adhere to all test and survey requirements, processes, and procedures, and provide complete data statistics on the tests or surveys for Franchisor's review and evaluation. All expenses and costs related to such tests or surveys will be paid by Franchisor.

H. Advisory Council. Franchisor reserves the right to form a franchisee advisory council (comprising of franchisees and representatives of Franchisor) to assist Franchisor with various components of the System, including products and services offered by Stores, marketing and promotion, training, and other aspects of the System. If Franchisor creates an advisory council, it will act in an advisory capacity only and will not have any decision making authority whatsoever. Franchisor's decisions will be final, and it will have no liability to the advisory council or any franchisee with respect to any decision it makes. Franchisor will have the sole right to form, change, merge and dissolve any advisory council at any time. The membership of any advisory council may be determined in Franchisor's sole discretion and Franchisee has no right to sit on an advisory council. Notwithstanding the foregoing, the franchisee representatives may (in the Franchisor's sole discretion) be chosen by Franchisor or may be elected by other franchisees in the System. If Franchisee is chosen and agrees to participate on an advisory council, Franchisee will pay all costs and expenses incurred related to its participation, including travel, lodging and meals expenses for attending council meetings.

I. Merchandise Materials. Franchisor may, from time to time and in its sole business judgment, produce and provide to Franchisee (or have Franchisor's 3rd party designated vendor produce and/or provide to Franchisee) certain merchandising materials identifying the System and to support national promotions, such as menu panels, point of purchase advertising materials, System memorabilia and other brand-relevant merchandise (collectively, "System Merchandise"). Franchisor or its third-party vendor will invoice Franchisee for these System Merchandise and Franchisee agrees to pay for the materials (including but not limited to the cost of shipping and insurance). Upon reasonable request, Franchisor will provide Franchisee with documentation of the costs of these System Merchandise.

Section 9. MARKS

A. Right to Use the Marks. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with this Agreement and Franchisor's standards and specifications.

B. Franchisor's Ownership of Marks; Agreements Regarding the Marks. Franchisee expressly acknowledges and agrees that:

(1) As between Franchisor and Franchisee, Franchisor or an Affiliate of Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. Franchisee asserts and will in the future assert no claim to any goodwill, reputation or ownership of the Marks by virtue of Franchisee's licensed use of the Marks, or for any other reason. Franchisee shall not, during or after the Term of this Agreement, impair the goodwill associated with the Marks or in any way dispute or impugn the validity of the Marks,

Franchisor's rights (or those of Franchisor's affiliates) to the Marks, or the rights of Franchisor, Franchisor's affiliates, other franchisees of Franchisor or other third parties to whom Franchisor may have licensed the Marks.

(2) Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the rights of Franchisor or its Affiliates in and to the Marks. Franchisee agrees that Franchisee will not do or permit any act or thing to be done in derogation of any of Franchisor's rights or the rights of Franchisor's affiliates in connection with the Marks, either during or after the Initial Term (or Successor Term) of this Agreement. Nothing in this Agreement shall give Franchisee any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to the benefit of Franchisor or its Affiliates, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisee shall not contest, or assist others to contest, the validity, or the interest, of Franchisor or its Affiliates in the Marks. Franchisee agrees not to apply for or obtain any trademark or service mark registration of any of the Marks or any confusingly similar marks in Franchisee's own name.

(5) If Franchisee is a business entity, then Franchisee agrees that under no circumstance will Franchisee incorporate any of the Marks, any portion thereof or any name or mark derivative of or similar to the Marks, in Franchisee's business entity's name. Franchisee may never use the Marks in connection with any other business except for Franchisee's Store.

(6) Any unauthorized use of the Marks shall constitute an infringement of Franchisor's or its Affiliates' rights in the Marks and a material and incurable event of default under this Agreement, which unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure. Franchisee shall provide Franchisor with all assignments, affidavits, documents, information and assistance related to the Marks that Franchisor or its Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of Franchisor or its Affiliates in the Marks.

(7) Franchisor's rights in the Marks are not limited to the specific presentation or configuration of any of them, but rather extend to all combinations and displays of the words and/or design elements thereof and extend to all translations of them in any language. Further, Franchisor's rights in and to the Marks are not limited to such rights as may be conferred by registrations thereof or by applications for registrations but, instead, include extensive common law and other rights in the Marks vested in Franchisor as a result of their use by Franchisor or Franchisor's affiliates and other authorized parties.

C. Limitations on Franchisee's License to Use the Marks. Nothing in this Agreement will give Franchisee any right, title or interest in or to any of Franchisor's (or its affiliates') Marks except as a mere privilege and license, during the Term of this Agreement, to display and use the Marks according to the limitations set forth in this Agreement, in Franchisor's Manual or in other written notices to Franchisee. Franchisee understands and agrees that Franchisee's limited license to use the Marks granted by this Agreement applies only to the Marks shown on Attachment M (if Franchisor does not subsequently designate them as being withdrawn from use), together with those which Franchisor may later designate in the Manual or otherwise in writing. In all instances Franchisee's use of the Marks must comply with Franchisor's directions, limitations, specifications and authorized prescribed uses. Franchisee expressly understand sand agrees that Franchisee is bound not to represent in any manner that Franchisee has acquired, and Franchisee will not assert any claim to, any ownership, goodwill, reputation or equitable rights in any of Franchisor's Marks by virtue of the limited license granted under this Agreement, by virtue of Franchisee's use of any of the Marks or otherwise. All of Franchisee's uses of the Marks, whether as a trademark, service mark, trade name or trade style, will inure to Franchisor's benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with Franchisee's use of the Marks or operation of Franchisee's Store, including any "local goodwill", which, Franchisee expressly agrees, exclusively vests in Franchisor.

D. Use and Display of the Marks. Franchisee further agrees that Franchisee shall:

(1) Operate and advertise the Store only under the name "Angelina Italian Bakery," without prefix or suffix, unless otherwise authorized or required by Franchisor. Franchisee shall not use the Marks as part of its corporate or other legal name.

(2) Identify itself as the owner of the Store in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and shall display a notice in such content and form and at such conspicuous locations on the premises of the Store as Franchisor may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

(4) Comply with this Agreement's and Franchisor's instructions in filing and maintaining all requisite trade name or fictitious name registrations, and in executing any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

(5) Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor or the System as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to the content of such e-mail advertisements or solicitations as well as Franchisee's plan for transmitting such advertisements. In addition, Franchisee shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act of 2003").

(6) Franchisee shall affix Franchisor's Marks on the facilities of Franchisee's Store, including the Store's point-of-sale materials, signs, stationery, advertising, sales, marketing and promotional materials and other objects in the size, color, lettering style and fashion and at the places which Franchisor designates in its Manual or otherwise. Franchisee shall display the Marks and relevant trademark and copyright notices pursuant to the requirements set forth in the Manual. No trademarks, logotypes, names, symbols or service marks other than the Marks may be used by or in connection with Franchisee's Store in any fashion whatsoever except as Franchisor may expressly provide in its Manual or as Franchisor may approve in writing.

E. Infringement. Franchisee shall notify Franchisor immediately of any infringement of the Marks or of any claim against Franchisee for alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or any of Franchisor's copyrights (each, a "claim"). Franchisor will promptly take any action it may consider necessary to protect and defend Franchisee against the claim and indemnify Franchisee against any loss, cost or expense incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of Franchisor's Marks or copyrights. Franchisee and the Principals shall not communicate with any person other than Franchisor, its Affiliates, their counsel, and Franchisee's counsel in connection with any such apparent infringement, challenge or claim. Franchisor shall have complete discretion to take any action it or any Affiliate deems appropriate in connection with any infringement of, or claim to, any Mark and the right to control exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, arising out of any infringement or claim concerning any Marks. Franchisee may not settle or compromise any claim of a third party without Franchisor's prior written consent. Franchisor will have the right to defend, compromise and settle the claim at Franchisor's sole cost and expense, using Franchisor's own counsel. Franchisee agrees to cooperate fully with Franchisor in connection with the defense of the claim and to execute any and all documents, and do any and all things, as Franchisor's counsel deems necessary, including (but not limited to) becoming a nominal party to any legal action. If Franchisee does so, then Franchisor shall reimburse Franchisee for Franchisee's out-of-pocket costs in doing such acts and things, but Franchisee will bear the salary costs of Franchisee's employees and Franchisor will bear the costs of any judgment or settlement. Franchisee grants irrevocable authority to Franchisor, and appoints Franchisor as Franchisee's attorney in fact, to defend and/or settle all claims of this type. Franchisee may participate at Franchisee's own expense in the defense or settlement, but Franchisor's decisions with regard to the defense or settlement will be final. Franchisee agrees to execute all such instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, be reasonably necessary or advisable to protect and maintain the interests of Franchisor or any Affiliate in the Marks.

Franchisor will have no obligation to defend or indemnify Franchisee pursuant to this Section 9(E) if the claim arises out of or relates to Franchisee's use of any of the Marks and/or Franchisor's copyrights in violation of the terms of this Agreement.

F. Domain Names. Franchisee acknowledges that Franchisor or its Affiliate is the lawful, rightful and sole owner of the internet domain names *www.angelinabakery.com* and any other internet domain names registered by Franchisor or its Affiliates, and unconditionally disclaims any ownership interest in those or any colorable similar internet domain name. Franchisee agrees not to register any internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or its Affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

G. Prosecution of Infringers. If Franchisee receives notice or is informed or learns that any third party which Franchisee believes is not authorized to use the Marks is using the Marks or any variant of the Marks, Franchisee agrees to promptly notify Franchisor. Franchisor will then determine whether or not it wishes to take any action against the third party on account of the alleged infringement of Franchisor's Marks. Franchisee will have no right to make any demand or to prosecute any infringement claim. If Franchisor undertakes an action against an infringing party, Franchisee must execute any and all documents and do such acts and things as, in the opinion of Franchisor's counsel, are necessary including (but not limited to) becoming a nominal party to any legal action. Unless the litigation is the result of Franchisee's improper use of the Marks, Franchisee shall reimburse Franchisee for Franchisee's out-of-pocket costs in doing such acts and things, but Franchisee will bear the salary costs of Franchise's employees and Franchisor will bear the costs of any judgment or settlement.

H. Discontinuance or Substitution of Marks. If now or hereafter one or more of the Marks can no longer be used, or if Franchisor in its sole discretion determines to adopt and use one or more additional or substitute Marks, then Franchisee agrees to promptly comply with any of Franchisor's directions or instructions to modify or discontinue use of any Mark and/or adopt and use one or more additional substitute Marks. Franchisor shall have no obligation to reimburse Franchisee for any expenditures Franchisee makes to comply with such instructions or directions. Nor will Franchisor be liable to Franchisee for any other expenses, losses or damages sustained by Franchisee or the Store as a result of any Mark addition, modification, substitution or discontinuation.

Section 10. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manual. The Manual shall be provided to Franchisee in either paper or electronic form. The Manual will, among other things, set forth Franchisor's operating systems, procedures, policies, methods, standards, specifications and requirements for operating Franchisee's Store. Franchisee agrees to operate Franchisee's Store in strict compliance with the Manual, the System and Franchisor's standards and specifications. Franchisor has the right to prescribe additions to, deletions from or revisions of the Manual, all of which will be considered a part of the Manual. All references to the Manual in this Agreement will include any and all supplements to the Manual. Supplements to the Manual will become binding on Franchisee as if they were originally set forth in the Manual, upon being delivered to Franchisee.

Franchisee acknowledges that Franchisor is the owner of all proprietary rights in the Manual and all intellectual property rights connected therewith (including common law copyright) and that Franchisee is acquiring no property or other right to the Manual other than a license to use it and comply with it during the Initial Term of this Agreement and Successor Term. Franchisee agrees to ensure at all times that Franchisee's copy of the Manual is current and up-to-date. If there is any dispute as to Franchisee's compliance with the provisions of the Manual and any supplements to the Manual, the master copy of the Manual and any supplements to the Manual maintained at Franchisor's principal office will control. Franchisee and the Principals shall at all times treat the Manual, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section 10. Franchisee and the Principals shall not at any time copy, duplicate, record or otherwise reproduce the Manual, in whole or in part, or otherwise make the same available to any unauthorized person. Any print copies (if permitted or made available by Franchisor) shall be returned to Franchisor when this Agreement expires or is terminated for any reason. Franchisee shall make the Manual available only to those of Franchisee's employees who must have access to them in order to operate the Store. Franchisee shall, at all times, keep and maintain the Manual in a secure place at the Store. Franchisor has the right to add to or modify the Manual from time to time to, among other reasons, change operating procedures, maintain the goodwill associated with the Marks, and enable the System to remain competitive. Franchisee shall comply with the terms of all additions and modifications to the Manual and shall keep the Manual current. If there is a dispute about the contents of the Manual, the terms of the master copy at Franchisor's offices shall control. The entire contents of the Manual, and Franchisor's mandatory specifications, procedures and rules prescribed from time to time shall constitute provisions of this Agreement as if they were set forth herein.

In addition to the Manual, Franchisor may issue policy statements designed to provide Franchisee with information and/or insight as to Franchisor's current thinking about various business issues or strategies. Policy statements are not part of the Manual, are not contracts and do not create any contractual or other binding obligation on either Franchisee or Franchisor.

B. Confidentiality.

(1) Confidential Information. Franchisee agrees to use and permit the use of Franchisor's Confidential Information (as defined below) solely in connection with the operation of the Store. Neither Franchisee, any Principal nor any Affiliate of Franchisee shall - - during the term of this or any Successor Franchise Agreement and following the termination or expiration of this or any Successor Franchise Agreement or Franchisee's right under this Agreement or any Successor Franchise Agreement are assigned or terminated- - disclose, communicate or divulge to any other person, persons, partnership, limited liability company, corporation or other entity or association, or use for any purpose other than the development and operation of the Stores as set forth in this Agreement, nor directly or indirectly aid any such third party to imitate, duplicate or "reverse engineer" any of Franchisor's Confidential Information. Franchisee and each of the Principals shall disclose such Confidential Information only to those employees of Franchisee or Franchisee's Affiliates as is necessary for each to perform his/her functions and then only

on a "need to know" basis. Franchisee agrees to take all necessary precautions to ensure that these individuals maintain the Confidential Information in strict confidence and comply with the confidentiality provisions of this Agreement. Any disclosure or use of such Confidential Information by any employee, Principal or agent of Franchisee contrary to the terms of this provision shall be a breach by Franchisee of this provision. Except as authorized in this Agreement, neither Franchisee 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; or otherwise make the same available to any unauthorized person or entity; store it in a computer or other electronic format; or otherwise make it available to any third party by and other means whatsoever. Upon the expiration of termination of this Agreement, Franchisee agrees to return to Franchisor such Confidential Information as Franchisor request (including, but not limited to, customer lists and records; all training materials and other instructional content; financial and non-financial books and records; the Manual; and, computer databases, software and manuals) which is then in Franchisee's possession or, upon Franchisor's request, destroy all or certain such Confidential Information and certify such destruction to Franchisor. It is specifically understood that all customer lists or information adduced by Franchisee's Store is Franchisor's property, not Franchisee's, and Franchisee shall never contend otherwise.

For the purposes of this Agreement, "Confidential Information" means all information, knowledge, trade secrets or know-how utilized or embraced by the System or which otherwise concerns Franchisee's or Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, manuals, computer files, databases or software. Confidential Information includes (without limitation): all elements of the System and all programs, products, services, equipment, technologies, recipes, food and beverage preparation techniques, policies, standards, requirements, criteria and procedures that now or in the future are a part of the System; Franchisor's Manual (including any supplements to the Manual); all specifications, procedures, systems, techniques and activities employed by Franchisor or by Franchisee in the offer and sale of programs, products and/or services at or from Franchisee's Store; all pricing paradigms established by Franchisor or by Franchisee; all of Franchisor's and/or Franchisee's sources (or prospective sources) of supply and all information pertaining to same (including wholesale pricing structures, the contents of sourcing agreements and the identity of suppliers); Franchisor's specifications, and Franchisee's final plans, for the construction, build out, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of Franchisee's Store; the identity of, and all information relating to, the Computer and POS System hardware and software utilized by Franchisor and Franchisee; all information pertaining to Franchisor's and/or Franchisee's advertising, marketing, promotion and merchandising campaigns, activities, materials, specifications and procedures; all customer lists and records generated and/or otherwise maintained by Franchisee's Store; Franchisor's internet/web protocols, procedures and content; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training and staff certification policies and procedures; all communications between Franchisee and Franchisor (including the financial and other reports Franchisee is required to submit to Franchisor under this Agreement); additions to, deletions from and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; and, all other information, knowledge and know-how which either Franchisor or its affiliates, now or in the future, designate as confidential. Confidential Information will not, however, include information which Franchisee can demonstrate came to Franchisee's attention before Franchisor disclosed it to Franchisee (unless illegally or improperly procured by Franchisee before Franchisor's disclosure) or which, at or after the time of disclosure, has become a part of the public domain through publication or communication by others, but not through any act of Franchisee.

(2) New Developments. If Franchisee, its Personnel, or Principals develop (or cause a to be developed on Franchisee's behalf) any new concept, process, product, recipe, method or improvement in whole or in part in connection with Franchisee's Store (including, without limitation, any programs, products or services; any variations, modifications and/or improvements on programs, products or services; Franchisee's means, manner and style of offering and selling programs, products and services; management techniques or protocols Franchisee may develop

(or have developed on Franchisee's behalf); any sales, marketing, advertising and promotional programs, campaigns or materials developed by Franchisee or on Franchisee's behalf; and, any other intellectual property developed by Franchisee or on behalf of Franchisee's Store) , Franchisee 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. Franchisee and its Principals hereby permanently and irrevocably assign to Franchisor, or if Franchisor so directs, any Affiliate which Franchisor may specify in writing to the Franchisee, any and all rights and interests (including any intellectual property rights and interests) Franchisee and its Principals 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. Franchisee and its Principals agree to assist Franchisor or its Affiliates 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 or its Affiliates with all necessary documentation for obtaining and enforcing such rights. Franchisee and its Principals hereby irrevocably designate and appoint Franchisor as its 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 10(B) are found to be invalid or otherwise unenforceable, Franchisee and its Principals hereby grant to Franchisor or if Franchisor so directs, any Affiliate which Franchisor may specify in writing to the Franchisee, 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.

C. Noncompetition Covenants. Franchisee 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 production, operational, sales, promotional and marketing methods and techniques of the System. Franchisee 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 therefore, Franchisee and the Principals agree that (i) at any geographic location whatsoever during the Initial Term and any Successor Term of this Agreement, and (ii) within Franchisee's Protected Area, within twenty (20) miles of Franchisee's Store Location or within twenty (20) miles of the perimeter of (or within) any Protected Area of any other Angelina Italian Bakery Store (whether franchised, company-owned Store or otherwise established or operated) for a period two (2) years immediately following the termination or expiration of this Agreement or any Successor Franchise Agreement for any reason, Franchisee and Franchisee's Principals will not directly or indirectly engage in, aid, assist, serve or participate in any other business or activity (a "Competitive Business") that operates a bakery or café (i) which offers or sells any of the products or services which now or hereafter are authorized for sale under the Angelina Italian Bakery System (including, without limitation, Italian-influenced baked goods, cake or sandwich items (including croissants, donuts, cheese focaccia, sandwiches and pastries) or component thereof in any manner (whether at wholesale or retail otherwise); (ii) which offers or sells similar or related products or services; or (ii) which offers or sells any other program, product, service or component which now or in the future is part of the System, or any confusingly similar program, product or service.

Franchisee (and Franchisee's Principals) are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, member, director, manager, officer, employee, principal, agent, advisor, consultant, lessor, sublessor or any similar capacity. In addition, Franchisee agrees not to divert any business that should be handled by the Store to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any assistance to a Competitive Business. Nothing in this Agreement will prevent Franchisee (or Franchisee's Principals) from owning for investment purposes only up to an aggregate of 5% of the capital stock of any Competitive Business Franchisee does not control, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange.

Further, during the Initial or any Successor Term of this Agreement, and for two (2) years following the termination or expiration of same for any reason, Franchisee agrees not to sell, assign, lease, sublease or otherwise grant possession of Franchisee's Store and/or Store Location to any individual or entity which intends to utilize same to conduct a Competitive Business thereat (and it shall be Franchisee's affirmative duty in connection with any such sale, assignment or other disposition of Franchisee's Store and/or Store Location to secure a written memorialization from the purchaser, assignee, lessee, sublessee or permittee that it has no intent to conduct a Competitive Business, as herein defined, following the subject transaction).

It is the intention of these provisions that any person or entity within a legal or beneficial interest in or traceable to, down or through Franchisee be bound by the provisions of this covenant, including (without limitation) Franchisee's spouse, brother, brother-in-law, sister, sister-in-law, parents, parents-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary of Franchisee; and, any other related person or entity, regardless of how many levels or tiers there may be between Franchisee and the person or entity.

If Franchisee is a business entity, Franchisee agrees to cause Franchisee's (as applicable) owners, members, shareholders, directors, officers, partners, general partner, proprietor and or any other beneficial owner to refrain from any of the competitive activities described above in any manner which Franchisor reasonably requests. In all instances, Franchisee shall also cause Franchisee's Store Managerand all other key management employees of Franchisee's Store to refrain of any of the competitive activities described above in any manner which we reasonably request. Franchisee's agreement to procure the execution of Franchisor's Confidentiality/Non-Competition Agreement (or, where applicable, Franchisor's Confidentiality Agreement) from certain such individuals is set forth below.

D. Lesser Included Covenants Enforceable At Law. If all or any portion of the covenants not to compete in Section 10(C) are held unreasonable, void, vague or unenforceable by a court or agency having valid jurisdiction over the parties and subject matter, in an unappealed final decision to which Franchisor is a party, such court shall have the power to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Franchisee and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of Section 10(C), as if the resulting covenant were separately stated in and made a part of this Agreement.

E. Non-Disparagement. Franchisee agrees not to take any action or make any statement the effect of which would be to directly or indirectly materially impair the goodwill or rights of Franchisor to its Intellectual Property or the goodwill of its Affiliates, or be materially detrimental to Franchisor, its Affiliates or franchisees, including, but not limited to any action or statement intended, directly or indirectly, to benefit any of Franchisor's, its Affiliates' or franchisees' competitors. This provision survives forever.

F. 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 10 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 10.

1. Reduction of Scope of Covenant. Franchisee 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 10 without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Principals agree that they shall promptly comply with any covenant as so modified.

H. Enforcement of Covenants Not to Compete. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors. Franchisee agrees that such covenants not to compete: (a) are reasonable, including, but not limited to, their term, geographical area, and scope of activity to be restrained; (b) are designed to preclude competition which would be unfair to Franchisor; and (c) do not impose a greater restraint than is necessary to protect Franchisor's goodwill and other legitimate business interests. Franchisee acknowledges that any violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Agreement. Franchisee expressly agrees that any violation of the covenants not to compete will conclusively be deemed to have been accomplished by and through Franchisee's unlawful use of Franchisor's Confidential Information, know-how, methods and procedures. Further, Franchisee expressly agrees that any claims Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants not to compete in this Agreement. Franchisee agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees that Franchisor incurs in connection with the enforcement of the covenants not to compete set forth in this Agreement.

I. Procurement of Additional Covenants. Franchisee shall require and obtain the execution of Franchisor's Confidentiality/Non-Competition Agreement substantially in the form of Attachment C-1 from each of the following persons:

(1) Before employment or promotion, Franchisee's Operating Principal, Store Managers, and, all other managerial personnel; and,

(2) If Franchisee is a business entity, and as applicable, all of Franchisee's owners, equity holders, control persons, shareholders, members, partners and general partner(s); all of Franchisee's officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls Franchisee. Franchisee shall procure all such Confidentiality/Non-Competition Agreements no later than ten (10) days following the Effective Date (or, if any individual or business entity attains any status identified above after the Effective Date, within ten (10) days following such individual or business entity's attaining such status) and shall furnish to Franchisor copies of all executed Confidentiality/Non-Competition Agreements within ten (10) days following their execution.

Franchisee agrees to require and obtain the execution of Franchisor's Confidentiality Agreement substantially in the form of Exhibit C-2 from all of Franchisee's non-managerial personnel before employment (or, in the case of any independent contractors, before engagement) or any promotion.

J. Franchisee's and Franchisor's Enforcement of Confidentiality/Non-Competition Agreements. Franchisee agrees to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of any

Confidentiality/Non-Competition Agreement executed by any of the individuals referenced in Section 10(J) and Franchisee acknowledges Franchisor's right, to be exercised as Franchisor alone determines, to itself and enforce the terms of any such executed Confidentiality/Non-Competition Agreement. If the substantive provisions of Franchisor's Confidentiality/Non-Competition Agreement have been breached by an individual employed, engaged or otherwise serving Franchisee's Store who has not executed a Confidentiality/Non-Competition Agreement, Franchisee must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law.

K. Survival of Covenants. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee, Franchisee's Affiliates and each of the Principals.

Section 11. BOOKS AND RECORDS

A. Maintenance Requirement. Franchisee shall record all Gross Sales received by and all expenditures made by Franchisee or Franchisee's Store. Franchisee maintain adequate records of all such Gross sales and expenditures, in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual, and shall preserve for at least seven (7) years (or such longer period as may be required by law, rule or regulation) from the date of preparation, full, complete and accurate books, records and accounts of the Store, including, but not limited to, sales slips, credit and charge records, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers and/or other books, records, tax returns that Franchisor specifies in its Manual or otherwise, along with business, personnel, financial and operating records, in any media, relating to Franchisee's Store. If Franchisee does not maintain the required records, this will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure.

B. Financial Statements. In addition to the remittance reports required by Sections 5 and 8 hereof, Franchisee shall comply with the following reporting obligations:

(1) Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, a statement of the Store's profit and loss statement for the month, a consolidated balance sheet as of the end of the month, a consolidated cash flow statement as of the end of the month, a comparison of each statement for the prior year's month (all of which may be unaudited) and a narrative description of the business and operating results within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by Franchisee's treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Franchisee shall, at its expense, submit to Franchisor, within ninety (90) days after the end of each fiscal year, Franchisee's complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to Franchisor and showing the results of Franchisee's operations of Franchisee during such fiscal year.

(3) Franchisee shall, at its expense, submit to Franchisor (i) copies of Franchisee's federal income tax returns (including any extension requests) not later than five (5) days after filing and (ii) copies of Franchisee's state sales tax returns within five (5) days after the end of each calendar quarter. If the Store is in a state which does not impose a sales tax, Franchisee shall submit a copy of its state income tax return (including any extension requests) not later than five (5) days after filing. Franchisee must submit the foregoing tax returns to Franchisor, together with a certificate from an independent certified public accountant that all Social Security payments, taxes and fees required

to be paid by Franchisee to any governmental agency or entity have been paid, and that if Franchisee is a business entity, there is no reason to believe that the status of Franchisee's business entity has been impaired.

(4) Franchisee also shall submit to Franchisor 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.

(5) If Franchisee does not timely furnish to Franchisor any of the financial statements or tax returns required above in this Section 13, then Franchisee agrees to pay Franchisor a late charge of $50 per month that each financial statement or tax return is overdue. Franchisor may also in such circumstance elect to terminate this Agreement upon giving Franchisee notice and an opportunity to cure Franchisee's default.

C. Financial Records and Audits. Franchisor, its agents (who may be outside accountants and auditors), its designees and/or employees shall have the right at all reasonable times, with or without notice to Franchisee, during normal business hours, to enter Franchisee's Sore and any other office at which the business of the Store is administered, in a fashion calculated not to disrupt Franchisee's Store and such other business operations, to review, audit, examine and copy all of the Store's books and records including, but not limited to, the following: books of accounts; bank statements; cash or other receipts; checkbooks; documents; records; sales and income tax returns (federal, state, foreign and, if applicable, city); and, Franchisee's files relating to programs, services and products sold, business transacted and expenditures relating to the Store. These files must include (without limitation) Franchisee's operating records; bookkeeping and accounting records; customer lists; customer job orders; operating records; operating reports; correspondence; general business records; Franchisee's copy of the Manual (as amended); invoices; payroll records; journals; ledgers; files; memoranda and other correspondence; contracts; and, all sources and supporting records used to prepare the reports and forms which Franchisee is required to submit to Franchisor under this Agreement, including the books or records of any business entity which owns the Store. Franchisee agrees to make any of these materials available for examination at Franchisee's offices. Alternatively, Franchisor may determine to conduct any such audit either at Franchisor's offices or at the office of a designee of Franchisor and, if Franchisor does, Franchisee will be required to transmit some or all of the foregoing books and records to Franchisor or Franchisor's designee. In addition to the foregoing, Franchisor may require Franchisee to scan and electronically transmit to Franchisor such volume of the above-referenced records, files and documents as will not unreasonably burden the Store.

If any required royalty or other required payments to Franchisor are delinquent, or if an audit should reveal that the Gross Sales have been understated in any report to Franchisor by any amount for any month within the period of examination, or for the entire period of examination, when compared to Franchisee's actual Gross Sales, then Franchisee shall immediately pay to Franchisor the amount overdue or understated as shown by the audit, plus interest calculated as provided in Section 5(H). If an audit discloses an understatement in any report of two percent (2%) but less than five percent (5%) for any month or for the entire period, then Franchisee must immediately pay us the cost of the audit and the additional amounts owing, plus interest calculated as provided in Section 5(H). If an audit reveals an understatement by Franchisee by 2% or more 3 times within any 36 month period or 5% or more during any reporting period, then in addition to paying the additional amounts due, interest calculated as provided in Section 5(H) and the full cost of the audit for the entire period of examination, Franchisee's understatement will be a material and incurable breach of this Agreement which, unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure. These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

D. No Waiver. Franchisor's receipt or acceptance of any of the statements furnished or amounts paid to Franchisor (or the cashing of any check or processing of any electronic fund transfer) shall not preclude Franchisor from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, Franchisee shall immediately correct the error and make the appropriate payment to Franchisor.

E. Authorization to Release 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 whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Store which Franchisor may request. Franchisee authorizes Franchisor to disclose data from Franchisee's reports if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable (including, without limitation, incorporation of Franchisee's reports in its franchise disclosure document and/or promotional literature information derived from the above financial statements, so long as Franchisee or Franchisee's Store are not individually identified).

Section 12. INSURANCE

A. Insurance Coverage Requirements. Not later than sixty (60) days prior to the Opening Date, Franchisee shall procure and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, the following categories of insurance coverage in forms written by a responsible carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and otherwise acceptable to Franchisor. Franchisee understands and agrees that Franchisor's Lease may require other or greater insurance coverages than those stated in this Section. Such insurance coverage must extend to and embrace Franchisee's Store; all activities conducted in, at or from Franchisee's Store; all facilities which may be situated upon premises of Franchisee's Store; and, all activities arising from or related to the construction, operation or occupancy of Franchisee's Store and any other facilities situated on the premises of Franchisee's Store. Franchisee's required coverages, policy limits, limitations on deductibles and limitations on self-insured retentions are prescribed by Franchisor in its Manual or otherwise in writing and, as notes are subject to change. At a minimum (except as additional coverages and higher policy limits may be specified by Franchisor from time to time in writing), Franchisee shall procure the following insurance coverage:

(1) Broad form comprehensive general liability coverage, and broad form contractual liability coverage of at least \$2,000,000 aggregate and at least \$1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of more than \$5,000;

(2) Special cause of loss coverage forms (sometimes called "All Risk Coverage") on Franchisee's Angelina Italian Bakery store and all fixtures, equipment, supplies and other property used in the operation of the store, for full repair and replacement value of the machinery, equipment and improvements, including full coverage for loss of income resulting from damage to the store with at least 80% co-insurance clause (however, an appropriate deductible clause is permitted);

(3) Business Interruption Insurance in sufficient amounts to cover Franchisee's Angelina Italian Bakery store rental expenses, maintenance of competent personnel and other fixed expenses (including payment of Royalty Fees to Franchisor) for a minimum 12 months' loss of income;

(4) If any vehicle is operated in connection with the Business, automobile liability insurance with minimum limits of liability in the greater of (a) the greatest amount required by any applicable federal, state or local law, or (b) \$1,000,000 for each person killed or injured and, subject to that limit for each person, a total minimum of \$2,000,000, along with a minimum limit of \$3,000,000 for injury, destruction or loss of use of property of third persons as a result of any one accident;

(5) Workers Compensation Insurance providing Statutory Benefits, as required by applicable state law, and Employer's Liability Insurance: Bodily Injury by Accident $1,000,000 Each Accident; Bodily Injury by Disease $1,000,000 Policy Limit; Bodily Injury by Disease $1,000,000 Each Employee. The Workers Compensation policy coverage shall include coverage for all states in which operations are conducted;

(6) Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to Franchisor;

(7) Insurance coverage of types, nature and scope sufficient to satisfy Franchisee's indemnification obligations under the Franchise Agreement; and

(8) Umbrella liability coverage in no event less than $1,000,000.

(9) Such other insurance as may be required by the landlord of the premises at, and by the state or locality in, which the Store is located.

(10) Insurance coverage of such types, nature and scope sufficient to satisfy Franchisee's indemnification obligations under this Agreement (including, without limitation, insurance coverage to indemnify Franchisor from any claims alleging Franchisee's violation of federal, state or local labor and/or wage and hour laws, rules or regulations).

B. Insurance Policies. The insurance coverage that Franchisee acquires and maintains under this Section 14 must:

(1) Name Franchisor and the other Indemnitees identified in Section 7(O) as additional insureds and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured (except for workers' compensation, employer's liability and any other employee-related insurance mandated by any federal, state or local law, rule or regulation).

(2) Contain no provision which in any way limits or reduces coverage for Franchisee if there is a claim by one or more of the Indemnitees.

(3) Extend to and provide indemnity for all obligations assumed by Franchisee under this Agreement and all other items for which Franchisee is required to indemnify Franchisor under this Agreement.

(4) Stipulate that any interest of Franchisor or the Indemnitees shall not be diminished or impaired by reason of any breach by Franchisee of any conditions in the policy.

(5) Contains such endorsements as Franchisor may specify from time to time in the Manual.

(6) Be primary to and without right of contribution from any other insurance purchased by the Indemnitees.

(7) Provide, by endorsement, that Franchisor is entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, modify, cancel, not renew or otherwise alter or amend the policy.

(8) Contain a waiver of subrogation rights against Franchisor, the other Indemnitees identified in Section 7(O) and any of Franchisor's successors and/or assigns.

(9) All public liability policies may be required by Franchisor to contain a provision that although Franchisor is named as an additional insured, Franchisor is nevertheless entitled to recover under such policies on any loss occasioned to Franchisor or the other Indemnitees by reason of Franchisee's negligence or that of Franchisee's servants, agents or employees.

(10) Allow Franchisor to appoint its own legal counsel to represent Franchisor for any action indemnified by Franchisee's insurance.

C. Deductibles. Franchisee may elect to have reasonable deductibles in connection with the coverage required under Sections 12(A)(1)-(10) hereof not to exceed $10,000 per occurrence.

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

E. Franchisee's Changes to Insurance Coverage/Policies. Franchisee agrees not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend any required insurance policy without Franchisor's specific advance written consent, which may be denied for any or no reason

F. Modifications to Insurance Requirements. Franchisee agrees that Franchisor may periodically add to, modify or delete the types and amounts of insurance coverage which Franchisee is required to maintain under this Agreement, and all features and elements thereof, by written notice to Franchisee (through a supplement to Franchisor's Manual, or otherwise). Upon delivery or attempted delivery of this written notice, Franchisee agrees to immediately purchase insurance conforming to any such newly established standards and limits.

G. Claims By Indemnitees Against Franchisee. If there is a claim by any one or more of the Indemnitees against Franchisee, Franchisee must, upon Franchisor's request, assign to Franchisor all rights which Franchisee then have or thereafter may have with respect to the claim against the insurer(s) providing the coverages described in Section 12(A).

H. No Limitation of Other Obligations. Franchisee's obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 7(O) of this Agreement.

I. Additional Insured Designation. All insurance policies required hereunder, with the exception of workers' compensation, shall name Franchisor and its Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that their interest shall not be affected by Franchisee's breach of any policy provisions. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, 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.

J. Certificates of Insurance. At least 14 days prior to Franchisee commencing any of the activities or operations contemplated by this Agreement and, thereafter thirty (30) days prior to the expiration of any such policy required hereunder, Franchisee shall deliver to Franchisor certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder along with all endorsements and declarations pages evidencing Franchisor's rights as an Additional Insured (including an endorsement amending any clause in the subject policy which related to other insures and confirming that all coverage is primary insurance and that Franchisor's and the Indemnitees' insurance is applicable only after all limits of Franchisee's policy(ies) are exhausted). In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. 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. Franchisee agrees to renew all insurance policies and documents and to furnish renewal certificates of insurance to Franchisor before the expiration date of the expiring policy in question. Franchisor may at any time require Franchisee to forward to Franchisor full copies of all insurance policies.

K. Purchase of Insurance on Franchisee's Behalf. Should Franchisee fail to procure or maintain the insurance required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to procure such insurance and to charge the cost of such insurance to Franchisee, together with a reasonable fee for Franchisor's expenses in so acting. Such amounts 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.

L. Failure To Purchase Insurance To Reimburse. If Franchisee fails to purchase or maintain any insurance required by this Agreement or Franchisee fails to reimburse Franchisor for Franchisor's purchase of any required insurance on Franchisee's behalf, Franchisee's failure will be a material and incurable breach of this Agreement which, unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice given to Franchisee, with no opportunity to cure.

Section 13. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. Franchisee shall promptly pay when due all taxes, levied or assessed and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Store. In addition and without limiting the provisions of Section 7(O), 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 or not correctly or legally assessed.

B. "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 Store, the payment of monies, or the exercise of rights granted pursuant to this Agreement, including any present or future tax obligations on royalties and other fees.

C. No Deduction. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes.

D. Disputed Liability. In the event of any bona fide dispute as to Franchisee's liability for Taxes 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 assets of the Store or any improvements thereon.

E. Credit Standing. Franchisee recognizes that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by Franchisee in good faith, Franchisee agrees to promptly pay when due all amounts owed by Franchisee to Franchisor, its Affiliates, and other suppliers.

F. Notice of Adverse Orders. 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 Store.

Section 14. TRANSFER

A. By Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights and obligations herein to any person or legal entity without Franchisee'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, Franchisee agrees that Franchisor may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

Franchisee also agrees that Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity Franchisor may operate, franchise or license those other businesses and/or facilities under any names or marks, including the arks, regardless of the location of these businesses and/or facilities, which may be immediately proximate to the Protected Area.

B. By Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and are Franchisee's personal obligation, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Principals. Accordingly, except as provided below, neither Franchisee nor any Principal, nor any successor or assign of Franchisee or any Principal, shall voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise sell, assign, transfer, convey, merge, give away, pledge, mortgage or otherwise dispose of or encumber any interest in this Agreement, in the Store or in Franchisee, whether or not such sale, assignment, transfer, conveyance, merger, gift, pledge, mortgage, disposition, or encumbrance constitutes a transfer or assignment under applicable law, without the prior written consent of Franchisor in accordance with this Section 14 and without complying with Franchisor's right of first refusal pursuant to Section 14(E) below. For purposes of this Agreement, whenever any of the foregoing actions take place, there is an "transfer."

Any actual or attempted transfer in violation of the terms of this Section 14, will be null, void and of no effect, and will be a material and incurable breach of this Agreement which, unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure.

If Franchisee is a business entity, then for the purposes of this Agreement, "transfer" includes (without limitation) the transfer, issuance or redemption in the aggregate of more than 25% of the voting power or (as applicable) the capital stock, partnership interest, membership interest or any other species of ownership interest in Franchisee (or any lesser percentage sufficient to control Franchisee's business entity or the Store, as the term "control" is most broadly defined by any United States or state securities and/or corporate and/or partnership law) to any person or entity who is not (i) already a (as applicable) shareholder, member, partner or other category of owner of Franchisee's Store; (ii) the spouse of such individual; (iii) a trust controlled by such individual; or, (iv) a business entity owned, controlled and composed solely of such individuals in the same proportionate ownership interest as each such individual had in Franchisee before the transfer, as provided below. Franchisee agrees to immediately report to Franchisor all such transfers or assignments of ownership in Franchisee's business entity, even if less than 25%, in accordance with the procedure set forth in Franchisor's Manual or otherwise.

C. Conditions to Transfer. If Franchisee wishes to transfer all or part of its interest in the Store or this Agreement, or if Franchisee or a Principal wishes to transfer any ownership interest in Franchisee, Franchisee's Store, Franchisee's Lease; or Franchisee's rights to use the System, Marks, Confidential Information and/or Manual, transferor and the proposed transferee shall apply to Franchisor for its consent. If Franchisor elects not to exercise its right of first refusal (as provided in Section 14(E) below), then Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in the Store, in this Agreement, Franchisee's Lease or Franchisee's rights to use the System, Marks, Confidential Information and/or Manual if all of the following as conditions are met:

(1) All accrued monetary obligations of Franchisee and its Affiliates to Franchisor and its Affiliates arising under this Agreement, or any other agreement, shall have been fully satisfied in a timely manner, and Franchisee shall have fully satisfied all sources of financing of Franchisee's Store, all trade accounts and other debts of whatever nature or kind;

(2) Franchisee and its Affiliates shall not (as of the date of the transfer) be in default of this Agreement, or any other agreement or arrangement with Franchisor or its Affiliates, and shall have fully satisfied and timely complied with all the terms and conditions of such agreements during their respective terms, all sources of financing Franchisee's Store and all material sources of supply of Franchisee's Store;

(3) Franchisee and its Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor, its Affiliates and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with Franchisor or its Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) That, upon Franchisor's request, the proposed transferee (or, if the proposed transferee is a business entity, each and every owner or guarantor of the proposed transferee) presents himself, herself or itself for a personal interview at Franchisor's corporate office, or any other location that Franchisor designates, at a date and time Franchisor reasonably requests, without expense to Franchisor. Franchisor may determine to meet with the proposed transferee at his, her or its principal place of business or residence and, if Franchisor does, Franchisee will reimburse Franchisor for all travel, lodging, meal and personal expenses related to such meeting;

(5) The transferee shall demonstrate to Franchisor's satisfaction that transferee possesses the skills, qualifications, financial condition, background and history, reputation, economic resources, education, managerial and business experience, moral character, credit rating and ability to assume the duties and obligations under this Agreement or any successor agreement, and, at the transferee's expense (which will include Franchisor's then-current training fee and the cost of the trainees' transportation, lodging, food and other living expenses), its Operating Principal, Store Manager and any other personnel required by Franchisor shall (before the transfer) complete the Initial Training Program , Owner Training Program (as applicable) and any other training programs then in effect for Angelina Italian Bakery Stores upon such terms and conditions as Franchisor may reasonably require and for the fee then charged by Franchisor. Franchisee may waive these requirements if the proposed transferee is one of

Franchisor's existing franchisees in good standing. Each individual undergoing such training must first execute the Confidentiality/Non-Competition Agreement annexed as Attachment C to this Agreement;

(6) That the proposed transferee has the organizational, managerial and financial structure and resources required to conduct Franchisee's Store properly, taking into account such factors (among others) as the number of Angelina Italian Bakery Stores and market areas involved and their geographic proximity;

(7) That the proposed transferee complies with Franchisor's ownership requirements relative to the control of the proposed transferee and Franchisee's Store, before executing the new franchise agreement;

(8) That the proposed transferee (and, if the proposed transferee is a business entity, each and every owner or guarantor of the proposed transferee) complies with Franchisor's restrictions relative to involvement in a Competitive Business;

(9) That, if required, the lessor or sublessor of Franchisee's Store Location consents in writing to the assignment to the proposed transferee;

(10) That either Franchisee or transferee shall, at Franchisee's/its own expense and within the time period reasonably required by Franchisor, renovate, modernize and otherwise upgrade the Store to conform to Franchisor's then-current System image, standards and specifications for Angelina Italian Bakery Stores;

(11) That Franchisee furnishes Franchisor with a copy of any proposed contract of transfer (and any related agreements) and, promptly following execution, furnish to Franchisor a copy of the executed contract of transfer (and any related agreements);

(12) The Principals of 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 Franchisee under this Agreement;

(13) The transferee shall execute Franchisor's then-current form of franchise agreement for the balance of the term of this Agreement and all other agreements then required of a new franchisee, which terms and conditions may significantly differ from the terms of this Agreement, including higher fees, but the transferee shall not be required to pay an initial franchise fee, except that transferee will be required to pay Franchisor's then-current fees for furnishing Franchisor's Initial Training Program, Owner Training Program (as applicable) and any other services Franchisor is required to furnish under the new franchise agreement.. The new franchise agreement shall terminate this Agreement (except for the Guaranty(ies), any of Franchisee's obligations to Franchisor or Franchisor's Affiliates which remain outstanding and/or unsatisfied, and, the post-termination and post-expiration provisions of this Agreement which, by their nature, will survive) ;

(14) Franchisee shall remain liable for all of its obligations to Franchisor under 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;

(15) That the transferee has acquired, or will be able to immediately acquire following the execution of the new franchise agreement, all permits, licenses and other authorizations required by any federal, state or local, rule or regulation to operate Franchisee's Store. If applicable law enables Franchisee to assign any of the aforementioned permits, licenses and/or authorizations which Franchisee possesses to the transferee, then Franchisee agrees to do so immediately following Franchisor's execution of the transferee's new franchise agreement;

(16) That if the proposed transferee is a business entity, Franchisor has the absolute right to require any owners or other parties having an interest in the proposed transferee or the Store Location to execute the Personal Guaranty annexed as Attachment D to this Agreement;

(17) That the Total Sales Price of Franchisee's transfer is not so excessive, in Franchisor's sole determination, that it jeopardizes the continued economic viability and future operations of Franchisee's Store and/or the transferee. "Total Sales Price" means all consideration of every kind paid or payable to Franchisee or any other person in connection with, arising out of or relating to the assignment, whether money, property or other thing or service of value including consideration received for all or part of Franchisee's Store; Franchisee's rights under this Agreement; contracts; goodwill; restrictive covenants; consulting arrangements; Franchisee's furniture, fixtures, equipment and trade dress elements; accounts receivable; any consulting salary; or, any other fees or arrangements or other form of consideration, whether the consideration is received in the present or promised to be given to the transferor or any other person in the future (including the highest possible value of any contingent future consideration);

(18) If the transferee is a business entity, all of the requirements of its new franchise agreement concerning business entities must be complied with before Franchisor will execute the new franchise agreement and, as applicable, will continue to be complied with thereafter;

(19) Franchisee shall pay Franchisor a transfer fee equal to (a) fifty percent (50%) of the then current Initial Franchise Fee if the transfer is to any third party or (b) twenty-five percent (25%) of the then current Initial Franchise Fee for transfers to existing franchisees of the System in good standing (the "Transfer Fee") and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, training costs, legal and accounting fees and costs and escrow service fees; provided, that Franchisee shall not be obligated to pay the Transfer Fee upon a transfer resulting from the death or permanent disability (as defined in Section 14(F)) of a Principal only, though Franchisee shall be required to reimburse Franchisor's reasonable costs and expenses in such instances including any escrow service fees.

(20) If the transfer relates to the grant of a security interest in any of Franchisee's assets, Franchisor may require the secured party 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 (but no obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee.

Franchisee expressly agrees that Franchisee's obligation to indemnify and hold harmless Franchisor and the other Indemnitees under Section 7(O) of this Agreement extends to and embraces liabilities arising from or relating to, directly or indirectly, any statements, representations or warranties that Franchisee may give to or receive from any proposed assignee and/or any claim that Franchisee (and, if Franchisee is a business entity, Franchisee's Principals, Operating Principal, Store Manager, management or employees) or Franchisee's assignee engaged in fraud, deceit, violation of franchise laws or other illegality in connection with the negotiation or consummation of the assignment. As with all other indemnification obligations set forth in this Agreement, this specific indemnification obligation will survive the termination or expiration of this Agreement.

Franchisee further understands and agrees that Franchisor's consent to any transfer transaction will not constitute Franchisor's waiver of any claims against Franchisee by Franchisor or Franchisor's Affiliates, under this Agreement or otherwise.

The provisions of Section 14(B) through Section 14(D) inclusively pertain to any Lease, management agreement or other agreement which would have the effect of transferring any material asset or control of all or any part of the operations of Franchisee's Store to any third party. Any such agreement must first be approved by Franchisor in writing. Franchisor will not unreasonably withhold its approval, but Franchisor's approval may be denied if such agreement is on terms materially different from those which would result from arms-length negotiations or if Franchisor determines that the fees payable under such agreement are excessive. Any such agreement and any party thereto who, as a result of the agreement, may directly or indirectly be involved in the ownership of the assets or operations of the Store must meet such standards and conditions as Franchisor has put in place at the time Franchisee requests Franchisor's consent.

D. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section 14(C), except that Sections 14(C)(3), (4), (5), (10), and (13) shall not apply, and the Transfer Fee provided for in Section 14(C)(19) 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:

(1) Franchisee shall be the owner of all the voting stock or ownership interests in the new entity, or, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in Franchisee prior to the transfer.

(2) The business entity must be newly organized and duly formed, and its activities must be confined exclusively to serving as "Franchisee" under this Agreement (unless Franchisor otherwise consents in writing).

(3) Franchisee and the business entity must execute an agreement with Franchisor under which Franchisee and the business entity agree to be jointly and severally liable for all duties, responsibilities and obligations to Franchisor under this Agreement and expressly agree to be bound by all of the terms, conditions and covenants of this Agreement. Each then-current and future owner of any interest in the business entity must execute a Personal Guaranty in the form of Attachment D to this Agreement.

(4) Franchisee and each other present and future owner of any interest in the business entity must execute Franchisor's Confidentiality/Non-Competition Agreement substantially in the form of Attachment C to this Agreement.

(5) The name of the business entity Franchisee forms may not include the Mark "Angelina Italian Bakery", any variant thereof or any word confusingly similar thereto.

(6) Franchisee furnishes Franchisor with all of Franchisee's formation, organizational and governing documents; a schedule of all owners (indicating as to each its percentage ownership interest); any shareholder, partnership, membership, buy/sell or equivalent agreements and documents; and, a list of all of Franchisee's officers, directors and managers (as applicable).

(7) Unless Franchisor otherwise consents in writing, the formation and governing documents of Franchisee's business entity must provide that its activities will be confined exclusively to the operation of Franchisee's Angelina Italian Bakery Store.

(8) Franchisee must promptly notify Franchisor in writing of any change in any of the information specified, or in any document referred to, herein.

Without Franchisor's prior written consent (which will not be unreasonably withheld, delayed or denied), Franchisee may not permit any mortgage, lien, pledge or other security interest in respect of any of the shares, equity interests or other ownership interests of Franchisee's business entity. Any violation of the preceding restriction will give Franchisor the right to terminate this Agreement immediately upon notice to Franchisee.

E. Right of First Refusal. If Franchisee or a Principal wishes to transfer any interest in this Agreement, the Store, or 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 the 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 sixty (60) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the 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 Franchisee to Franchisor or any of its Affiliates. A material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Franchisor's failure to exercise the option afforded by this Section 14(E) shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14(C).

F. Death or Permanent Disability. If Franchisee is a business entity, then upon the death or disability of one or more of Franchisee's owners (but not the last surviving owner of Franchisee's business entity, which is addressed in the following paragraph), then the estate, heirs, legatees, guardians or representatives of such owner may freely sell, assign or transfer the deceased's or disabled's interest in this Agreement and/or its interest in the Store to any of the following: (i) the spouse of such individual; (ii) any individual or entity which, at the time of the subject death or disability, is already a (as applicable) shareholder, member, partner or other category of owner of Franchisee's Store or, (iii) the franchised Store itself. Any other sale, transfer or assignment of the deceased's or disabled's interest in Franchisee or Franchisee's Store shall be subject to all of the provisions of Section 14(C) of this Agreement ("Conditions to Transfer"). Franchisee agrees to immediately report to Franchisor all such transfers or assignments of ownership in Franchisee's business entity in accordance with the procedure set forth in Franchisor's Manual or otherwise.

Upon Franchisee's death or disability (if Franchisee is an individual), or the death or disability of Franchisee's last surviving owner (if Franchisee is a business entity), that person's rights will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate").

The Estate shall have a reasonable period of time (not to exceed six (6) months) following the death or disability to sell (as applicable) Franchisee or the franchised Store in accordance with the provisions of Section 14(C) and subject to our right of first refusal under Section 14(E). Until such sale, transfer or assignment is consummated, the Estate may continue the operation of Franchisee's Store but only if, at all times, one or more approved Store Managers, as necessary, of Franchisee's Store is at all times supervising the operation of Franchisee's Store and, further, only if all other terms and provisions of this Agreement are complied with. Failure to comply with one of the above alternatives will be a material breach of this Agreement which, unless cured by the Estate, will result in this Agreement being terminated immediately upon notice.

If at any time following Franchisee's death or disability (if Franchisee is an individual), or the death or disability of Franchisee's last surviving owner (if Franchisee is a business entity), the Estate fails to have one or more approved Store Managers, as necessary, supervising the operation of Franchisee's Store on a full time basis, then until the Estate retains one or more approved Store Managers, as necessary, Franchisor may assume full control of and operate your Store, but will have no obligation to do so. If Franchisor does so, then during this period, Franchisor will deduct Franchisor's expenses for travel, lodging, meals and all other expenses and fees from Franchisee's Gross Sales and also pay ourselves a management fee equal to 10% of the Store's weekly Gross Sales. (the "Management Fee"). This Management Fee will be in addition to the Royalty Fees due Franchisor under this Agreement. Franchisor will then remit any remaining funds to the Estate The Estate and any Guarantor of this Agreement must pay Franchisor any deficiency in sums due to us under this Agreement within ten (10) days of Franchisor notifying the Estate and such Guarantor of the deficiency. Franchisor will not be obligated to operate Franchisee's Store. If Franchisor does so, Franchisor will not be responsible for any operational losses of the Store, nor will Franchisor be obligated to continue operating the Store.

"Disability" means any physical, emotional or mental injury, illness or incapacity which prevents or will prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days. Disability will be determined either after this ninety (90) day period or, if Franchisor elects, at an earlier time following an examination of the person by a licensed practicing physician selected and paid for by Franchisor. If the person refuses to submit to an examination, then the person will automatically be considered permanently disabled as of the date of the refusal.

G. Securities Offerings. Interests in Franchisee shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. Any such offering shall be subject to Franchisor's right of first refusal, as set forth above in Section 14(E), and shall comply with any written policies adopted and announced by Franchisor from time to time. As a condition of its consent, Franchisor may, in its sole discretion, require that, immediately after such offering, Franchisee and the Principals retain a controlling interest in Franchisee. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section 14(G). 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 Franchisee 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 Franchisee and Franchisor. Franchisee, 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. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of Three Thousand Dollars ($3,000) and shall reimburse Franchisor for its reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

H. Bankruptcy. If Franchisee, Franchisee's Store or any owner of you and/or Franchisee's Store is the subject of any voluntary or involuntary proceeding under the U.S. Bankruptcy Code, as amended, and if this Agreement does not terminate as provided in Section 16(B) below, but, instead, is to be assumed by, or assigned to, a third party individual or entity which has made a bona fide offer to accept an assignment of this Agreement as contemplated by the U.S. Bankruptcy Code, then Franchisee must notify Franchisor of any such proposed assignment or assumption within five days after Franchisee's receipt of such proposed assignee's offer to accept assignment or to assume Franchisee's rights and obligations under this Agreement. Such notice must be given to Franchisor, in any event, no later than ten days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption.

The notice required above must contain the following: (i) the name and address of the proposed assignee; (ii) all of the terms and conditions of the proposed assignment and assumption; and, (iii) adequate assurance to be provided to Franchisor to assure the proposed assignee's future performance (as defined below) under this Agreement, including (without limitation) the assurance referred to in Section 365 of the U.S. Bankruptcy Code and the satisfaction of the preconditions to assignment set forth in Section 14(C) of this Agreement.

Franchisor will then have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor, Franchisor's affiliate or another franchisee, upon the same terms and conditions, and for the same consideration (if any), as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions or other expenses which may be saved by Franchisee as a result of our exercise of the rights and options granted to Franchisor herein. Under no circumstance shall Franchisor be liable for the payment of any brokerage commissions or other expenses as a result of Franchisor's exercise of its rights and options hereunder unless Franchisor otherwise agrees in writing.

"Adequate assurance of future performance", as used above, shall mean that Franchisor shall have been furnished with specific evidence that any proposed assignee of this Agreement can and will comply with all operational and other performance requirements, and with all conditions, obligations, duties, covenants and requirements of a franchisee under: (i) this Agreement; (ii) the standard form Franchise Agreement then being offered to Franchisor's franchisees; (iii) such other ancillary agreements as Franchisor may require; and (iv) any of Franchisor's policies describing Franchisor's franchisees' duties, obligations, conditions, covenants or performance requirements. Franchisee understands and agrees that adequate assurance of future performance shall mean that any proposed assignee must satisfy the conditions set forth in Section 14(C) above.

I. No Waiver. Franchisor's consent to the transfer of any interest described in this Section 14. shall not constitute a waiver of any claims which Franchisor may have against Franchisee, Franchisee's Store and/or any Guarantor, nor shall it be deemed a waiver of Franchisor's right to demand transferee's exact compliance with any of the terms of this Agreement.

Section 15. RELATIONSHIP OF THE PARTIES

A. Independent Contractor Relationship. Franchisee 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 Franchisee no duties except as expressly provided in this Agreement. Franchisee 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, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Store operations pursuant to the rights granted by Franchisor.

Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of Franchisee's Store and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of Franchisee's Store, which Franchisee alone controls, but only constitutes standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of Franchisee's Store.

B. No Authority. Nothing in this Agreement authorizes Franchisee 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 Franchisee or any of the Principals or any claim or judgment arising therefrom. Franchisee may not, without Franchisor's prior written approval, have any power to obligate Franchisor for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, Franchisor may not control or have access to Franchisee's funds or the expenditure of Franchisee's funds or in any other way exercise dominion or control over Franchisee's Store. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Store.

C. Franchisee is the Sole and Exclusive Employer of Franchisee's Employees. Franchisee hereby irrevocably affirms, attests and covenants Franchisee's understanding that Franchisee's employees are employed exclusively by Franchisee and in no fashion is any such employee either employed, jointly employed or co-employed by Franchisor. Franchisor further affirms and attests that each of Franchisee's employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever. Franchisee alone hires each of Franchisee's employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate Franchisee's employees to the exclusion of Franchisor, which has no such authority or ability. Franchisee further attests and affirms that any minimum requirements Franchisor establishes are solely for the purpose of ensuring that Franchisee's Store is at all times operated at those levels necessary to operate Franchisee's Store in conformity with the System and the products, services, standards of quality and efficiency, and other Angelina Italian Bakery Store brand attributes known to and desired by the consuming public and associated with the Marks. Franchisee also affirms and attests that any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist Franchisee to efficiently operate Franchisee's Store, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee affirms and attests that any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems and operations of an Angelina Italian Bakery Store and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting Franchisee to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, then should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue (including travel, lodging, meals and per diem salary). Pursuant to Section Section 7.O) above, Franchisee will indemnify and hold harmless us and the other Franchisor Parties to the fullest extent permitted by law against all claims, losses, liabilities and costs (as defined in Section Section 7.O) from any claim, however and wherever asserted, that we or our affiliates are the employer, joint employer or co-employer of you and/or your employees (including, without limitation, any claims against us for your violation of federal, state or local labor and/or wage and hour laws, rules and regulations). Accordingly, in accordance with Section 12(A)(10) Franchisee shall obtain and maintain insurance coverage of such type, nature and scope sufficient to satisfy this indemnification obligation.

Section 16. DEFAULT AND TERMINATION

A. Default and Termination. Franchisee acknowledges that each of Franchisee's obligations described in this Agreement is a material and essential obligation; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

B. Termination By Franchisor - Automatic Termination Without Notice. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall immediately and automatically terminate without notice to Franchisee, if Franchisee, the Store or any Affiliate or Guarantor shall become insolvent or makes a general assignment of all or a substantial portion of the assets of Franchisee's Store to or for the benefit of any creditor; 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 if an involuntary petition is filed with respect to Franchisee under any such laws and is not dismissed within sixty (60) days after it is filed; or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated as 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 Franchisee, the Store and any affiliate or Guarantor thereof cause, permit or acquiesce in an order for relief under the U.S. Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, reorganization, receivership or other similar law now or hereafter in effect, or consent to the entry for an order for relief in an involuntary proceeding or to the conversion of an involuntary proceeding to a voluntary proceeding, under any such law; 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 supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Store premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Store shall be sold after levy thereupon by any governmental body or agency, sheriff, marshal, constable or other person under federal, state and/or local law; or, if Franchisee is a business entity, Franchisee's governing body adopts any resolution or otherwise authorizes action to approve any of the foregoing activities.

C. Termination By Franchisor Upon Notice; No Opportunity 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 Franchisee's receipt of notice (which, whether sent by overnight courier, personal physical delivery or any other manner authorized by Section 20(A), will be deemed to have been received by Franchisee upon delivery or first attempted delivery of the notice to Franchisee), upon the occurrence of any of the following events:

(1) If Franchisee operates the Store or sells any products or services authorized by Franchisor for sale at the Store at a location other than the Store Location or through any means of distribution or sale other than from the

Store Location, provided that Franchisee may deliver products and provide catering services in accordance with this Agreement and the Manual.

(2) If Franchisee fails to obtain Franchisor's approval of a proposed site or fails to acquire a Store Location for the Store within the time and manner specified in the herein.

(3) If Franchisee fails to construct the Store in accordance with Franchisor's prototypical plans, as adapted in accordance with this Agreement.

(4) If Franchisee fails to open the Store for business within the period specified in Section 7(A) of this Agreement.

(5) If Franchisee at any time ceases to operate or otherwise abandons the Store, or loses the right to possess the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Store is located; provided, that this provision shall not apply in the event of a Force Majeure, if Franchisee applies within thirty (30) days after such event for Franchisor's approval to relocate or reconstruct the Store and Franchisee diligently pursues such reconstruction or relocation as set forth in this Agreement.

(6) If Franchisee, Franchisee's Operating Principal, Franchisee's Store Managerand/or, if Franchisee is a business entity or Principal, director or manager (as applicable) of such entity is convicted of, or has entered a plea of nolo contendere to, a felony, fraud, 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 in the System or Marks.

(7) Franchisee operates the Store in a fashion that, in Franchisor's business judgment, in any way jeopardizes the life, health or safety of the general public, Franchisee's customers and/or Franchisee's employees. If Franchisee does so, then not only may Franchisor terminate this Agreement upon notice, but Franchisee agrees that Franchisor may either beforehand or concurrently direct Franchisee to immediately close Franchisee's Store; Franchisee shall immediately comply with such direction (which may be given orally or in writing); and, Franchisee shall hold Franchisor harmless from and against any claims whatsoever relating to Franchisor's direction to close Franchisee's Store.

(8) If Franchisee or any of the Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Store to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal contrary to the terms of Section 14(E), or if a transfer upon death or permanent disability is not made in accordance with Section 14(F).

(9) If Franchisee or any of the Principals makes use of Franchisor's Confidential Information and/or Marks in a manner not specifically authorized by this Agreement or Franchisor's Manual, or Franchisee directly or indirectly utilizes or devotes same for the benefit of any individual or entity other than Franchisee's Store.

(10) If Franchisee knowingly conceals revenues; maintains false books or records; falsifies information or otherwise defrauds or makes false representations to Franchisor; or, submits any substantially false reports to Franchisor.

(11) If Franchisee has made any misrepresentations under Section 7(BB) or violated any Anti-Terrorism Laws as set defined in Section 7(BB).

(12) Franchisor or Franchisor's designee conducts an audit of Franchisee's Store which discloses that any weekly report or statement which Franchisee submitted to Franchisor understated its Gross Sales by 2% or more 3 times within any 36 month period or 5% or more for the reporting period.

(13) Franchisee does not comply with the covenant not to compete set forth in this Agreement during the term of this Agreement.

(14) Franchisee, Franchisee's Operating Principal, Franchisee's Store Manager and all others required to do so fail to attend or successfully complete Franchisor's Initial Training Program or Owner Training Program, as applicable, (after being afforded the opportunity to repeat the training pursuant to Section 6(B) of this Agreement).

(15) If Franchisee fails to comply with Franchisor's quality assurance program and fails to cure any default thereunder within the applicable cure period.

(16) If Franchisee or any Affiliate of Franchisee is in default of any other franchise agreement with Franchisor and fails to cure such default within the applicable cure period, if any.

(17) If Franchisee or any Affiliate makes three (3) or more late payments in any twelve (12) month period whether or not cured by Franchisee.

(18) If Franchisee or any of the Principals repeatedly commits an 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 by Franchisee after notice by Franchisor.

(19) After curing a default which is subject to cure under Section 16(D) below, Franchisee commits the same act of default again within 6 months.

(20) Franchisee omitted or misrepresented any material fact in the information that Franchisee furnished to Franchisor in connection with Franchisor's decision to enter into this Agreement.

(21) Franchisor and Franchisee agrees in writing to terminate this Agreement.

(22) Franchisee refuses Franchisor permission to inspect, or to conduct an operational and/or financial audit of, Franchisor's Store.

(23) Franchisee takes, withholds, misdirects or appropriates for Franchisee's own use any funds withheld from Franchisee's employees' wages which should have been set aside for the Store's employee taxes, FICA, insurance or benefits; wrongfully take or appropriate for Franchisee's own use Franchisor's property or funds; systemically fail to deal fairly and honestly with Franchisee's employees, customers or suppliers; or knowingly permit or, having discovered the facts, fail to take any action against, or to discharge, any agent, servant or employee who has embezzled Franchisor's funds or property or that of any customers or others.

(24) Franchisee makes a willful misrepresentation or does not make a material disclosure required by any governmental or quasi-governmental authority regarding any matter involving or affecting the operations of Franchisee's Store. Franchisee interferes or attempts to interfere in any manner with Franchisor's contractual relations and/or Franchisor's relationships with Franchisor's other franchisees; any supplier of Franchisee, Franchisor or other franchisees; any governmental or quasi-governmental authority; Franchisee's or Franchisor's customers, employees or advertising agencies; or, any third parties.

(25) Franchisee commits any act or default which materially impairs the goodwill associated with Franchisor's Marks and which, by its nature, is incurable; or, if the default is curable, Franchisee fails to cure the default following delivery of written notice to cure at least seventy-two (72) hours in advance.

(26) Franchisee, Franchisee's Operating Principal, Store Manager, Area Manger and/or Franchisee's Store violates any law, rule or regulation, and/or engages in any act or practice, which subjects Franchisee and/or Franchisor to widespread publicity, ridicule or derision.

(27) Franchisee breaches the provisions of this Agreement relating to advertising standards and do not cure this breach within three (3) days following written notice from Franchisor.

(28) Franchisee purchases any Approved Products and Services or any other programs, products or services from Franchisor, Franchisor's Affiliates or pursuant to a Single Source Approved Supplier contract Franchisor designates, and Franchisee uses, diverts, sells or otherwise exploits such Approved Products and Services or other programs, products or services for the benefit of any other individual, entity or business.

(29) Franchisee engages in any act or conduct, or fails to engage in any act or conduct, which under this Agreement specifically authorizes Franchisor to terminate this Agreement immediately upon notice to Franchisee.

(30) Franchisee defaults under any agreement between Franchisee and any lessor or sublessor of Franchisee's Store Location and Franchisee does not cure the default within the period specified in the Store Location's Lease.

D. Termination on Notice; 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). Franchisee may avoid termination by curing the default to Franchisor's satisfaction within thirty (30) days from Franchisee's receipt of Franchisor's notice of default (or, if the default cannot reasonably be cured within such time, Franchisee has not initiated action to cure the default within the applicable cure period and thereafter cure the default within the shortest reasonable time thereafter) and providing Franchisor with evidence that Franchisee has cured the default. If Franchisee has not cured the default within the applicable cure period specified in this Section 16(D) (or, if the default cannot reasonably be cured within such time, Franchisee has not initiated action to cure the default within the applicable cure period and thereafter cure the default within the shortest reasonable time thereafter), or any longer period that applicable law may require ("cure period"), then this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the cure period. These curable defaults include the following events, which are set forth as examples only and are not meant to, nor shall they be deemed to, delineate all of the possible defaults which Franchisee may commit under this Agreement:

(1) If Franchisee fails to procure and maintain the insurance policies required by Section 12 and fails to cure such default within seven (7) days following notice from Franchisor.

(2) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

(3) If Franchisee fails to obtain the execution of the confidentiality and related covenants as required under Sections 10(B) or 10(C) of this Agreement.

(4) If Franchisee or any of its Affiliates fails, refuses, or neglects promptly to pay any monies owed to Franchisor, any of its Affiliates or its advertising cooperative, if any, when due under this Agreement or any other agreement, or fails 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.

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

(6) If Franchisee fails to comply with any other requirement imposed by this Agreement or any agreement governing its advertising cooperative, if any, or fails to carry out the terms of this Agreement in good faith.

(7) If Franchisee fails to designate a qualified replacement Operating Principal or Store Manager within thirty (30) days after any initial or successor Operating Principal or Store Manager ceases to serve.

(8) If Franchisee fails to cure any hazardous issues, threat or danger to public health or safety within twenty-four (24) hours of the commencement of the issue, threat or danger.

(9) If Franchisee violates any law, regulation, order or our System standards regarding health, sanitation, or safety which is not cured within twenty-four (24) hours following receipt of notice from any governmental entity or authority.

(10) If Franchisee fails to open the Store during the days and hours required which is not cured within twenty-four (24) hours following receipt of notice from Franchisor.

(11) Franchisee's Store offers and sells any programs, products or services that Franchisor does not authorize under this Agreement or Franchisor's Manual.

(12) Franchisee fails to maintain its trade accounts in a current status and/or fails to seek to promptly resolve any disputes with trade suppliers.

(13) Franchisee engages in any business, or market any program, product or service, under a name or mark which, in Franchisor's opinion, is confusingly similar to the Marks.

(14) Franchisee fails to pay any taxes due and owing by Franchisee's Store (including employee taxes) when due.

(15) Franchisee does not indemnify Franchisor and/or one of the Indemnitees as required by this Agreement.

(16) By act or omission, Franchisee permits a continued violation in connection with the operation of Franchisee's Store of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief.

(17) Franchisee fails to obtain or maintain any required permit, certificate or other governmental approval required either by this Agreement or applicable law, rule or regulation.

(18) Franchisee employs any individual who is not eligible for employment in the United States under any federal, state, local or other law, rule or regulation.

(19) Franchisee fails to maintain and operate Franchisee's Store or any vehicle used by Franchisee's Store in a good, clean and sound manner and in strict compliance with Franchisor's standards for quality, cleanliness and maintenance as set forth in Franchisor's Manual or otherwise.

(20) If any Guarantor fails to comply with any of the requirements imposed by or pursuant to the Personal Guaranty annexed hereto as Attachment D to this Agreement.

(21) Franchisee does not devote the amount of Franchisee's time and attention and/or Franchisee's best efforts to the performance of Franchisee's duties of this Agreement necessary for the proper and effective operation of Franchisee's Store.

(22) Franchisee fails to implement (and, at Franchisee's expense, take all steps necessary to implement) and thereafter adhere to any new or changed System requirements.

(23) If a final material judgment not subject to appeal is entered against Franchisee or any Guarantor and remains unsatisfied for more than thirty (30) days or, if any such judgment is subject to appeal, Franchisee does not prosecute such appeal within thirty (30) days (or such shorter period as any law, rule or regulation requires).

(24) If you fail to comply with any other lawful provision or requirement of this Agreement or any specification, standard or operating procedure Franchisor prescribes.

E. Description of Default. The description of any default in any notice that Franchisor transmits to Franchisee will in no way preclude Franchisor from specifying additional or supplemental defaults under this Agreement or any related agreements in any action, proceeding, hearing or lawsuit relating to this Agreement or the termination of this Agreement.

F. Franchisee's Failure to Pay Constitutes Franchisee's Termination of This Agreement. Franchisee's failure to timely cure any breach of Franchisee's obligation to make payments of Royalties, Marketing Fund Contributions, or any other monies due and owing to Franchisor or Franchisor's Affiliates under this Agreement, or to timely cure any other material breach of this Agreement committed by Franchisee, in either instance following Franchisor's notice to Franchisee that Franchisee has committed a breach of this Agreement and granting Franchisee an opportunity to cure said breach, will be irrevocably deemed to constitute Franchisee's unilateral rejection and termination of this Agreement and all related agreements between Franchisee and Franchisor or Franchisor's Affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from Franchisor, and Franchisee shall never contend or complain otherwise.

G. Cross Default. Any default or breach by Franchisee, Franchisee's Affiliates and/or any guarantor of Franchisee of the Lease for the Store Location or any other agreement between Franchisor or its Affiliates and Franchisee and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by Franchisee and/or such other parties will be deemed a default or breach under any and all such other agreements between Franchisor or its Affiliates and Franchisee, Franchisee's Affiliates and/or any guarantor of Franchisee's. If the nature of the default under any other agreement would have permitted Franchisor (or its Affiliate) to terminate this Agreement if the default had occurred under this Agreement, then Franchisor will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof.

H. Continuance of Business Relations. Any continuance of business relations between Franchisee and Franchisor after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, extension or continuation of this Agreement unless Franchisee and Franchisor agrees in writing to any such renewal, extension or continuation.

I. Notice Required By Law. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights to terminate this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by such laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

J. Notice of Franchisor's Alleged Breach. Franchisee agrees to give Franchisor immediate written notice of any alleged breach or violation of this Agreement after Franchisee has constructive or actual knowledge of, believe, determine or are of the opinion that there has been an alleged breach of this Agreement by Franchisor, including any acts of misfeasance or nonfeasance. If Franchisee does not give written notice to Franchisor of any alleged breach of this Agreement within one (1) year from the date that Franchisee has knowledge of, believe, determine or are of the opinion that there has been an alleged breach by Franchisor, then Franchisor's alleged breach will be considered to be condoned, approved and waived by Franchisee and will not be considered to be a breach of this Agreement by Franchisor, and Franchisee will be permanently barred from commencing any action against Franchisor for the alleged breach or violation.

K. Franchisor's Right to Cure Defaults. In addition to all other remedies granted pursuant to this Agreement, if Franchisee defaults in the performance of any of Franchisee's obligations, or breaches any term or condition of this Agreement or any related agreement, then Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default on Franchisee's behalf. Franchisor's cost for curing the default and all related expenses will be due and payable by Franchisee immediately upon demand.

L. Rights upon Default; Step-In Rights.

(1) Except in the case of death or disability which is governed by Section 14(F) hereof, if Franchisor determines in its sole judgment that the operation of the Angelina Italian Bakery Store is in jeopardy, or if Franchisee is in default under this Agreement, then in order to prevent an interruption of the operation of Franchisee's Store which would cause harm to the System and thereby lessen its value, Franchisee acknowledges, understands and expressly agrees that Franchisor may (but has no obligation to) operate Franchisee's Store for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement ("Step-In Rights"). Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's Store, less the expenses of the Franchise, including a management fee of ten percent (10%) of Gross Sales. This management fee will be in addition to the Royalties due under this Agreement. In the event of the exercise of the Step-In Rights by Franchisor, Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights.

(2) If Franchisor believes, in its sole discretion, that any default committed by Franchisee has the potential to damage the Angelina Italian Bakery name or is a threat to (i) the health and safety of Franchisee's customers or (ii) the quality of the products sold by Franchisee, then Franchisor shall have the right to direct any

affiliates or third parties supplying ingredients, raw materials, products or goods to Franchisee to cease such supply until such time that Franchisor determines Franchisee is no longer a threat to the health or safety of its customers, the quality of the products or the System or Marks. Franchisee agrees that this right is necessary to protect the quality of the products and the Angelina Italian Bakery brand and it shall have no claim against Franchisor for tortious interference with contractual or business relations or any similar cause of action or claim.

(3) Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

Section 17. <u>POST-TERMINATION</u>

A. <u>Franchisee's Obligations Upon Termination</u>. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and Franchisee shall:

(1) Immediately cease to operate the Store 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.

(2) Immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, methods, procedures, and techniques associated with the System and the Marks. Without limitation of the foregoing, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Angelina Italian Bakery" or any other Mark, and furnish Franchisor with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement. If Franchisee fails or refuses to do so, Franchisor may, in Franchisee's name, on Franchisee's behalf and at Franchisee's expense, execute all documents necessary to cause discontinuance of Franchisee's use of the name "Angelina Italian Bakery", or any related name used under this Agreement. Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do so.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks, in connection with any other business, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's or its Affiliates' rights in and to the Marks, nor shall Franchisee use any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

(5) Immediately pay all sums owing to Franchisor and its Affiliates, and all damages, costs and expenses, including, without limitation, lost profits, lost opportunities, reasonable attorneys' fees and costs, travel and personnel costs and the costs of securing a successor Angelina Italian Bakery Store at the Store Location, incurred by Franchisor as a result of any default by Franchisee or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Section 16, which obligation shall give rise to and remain a lien in favor of Franchisor against any and all assets of Franchisee, until such obligations are paid in full.

(6) Immediately deliver to Franchisor all Manual, records, files, instructions, correspondence, Software Programs, and other materials related to the operation of the Store in Franchisee's possession or control, and all copies thereof, all of which are acknowledged to be Franchisor's property, and 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 which Franchisee reasonably needs for compliance with any provision of law.

(7) Strictly comply with the restrictions against the disclosure of Confidential Information and against competition contained in Section 10 of this Agreement and cause any other person required to execute similar covenants pursuant to Section 10 also to comply with such covenants.

(8) Promptly furnish to Franchisor an itemized list of all marketing and sales promotion materials bearing the Marks, whether located at the Store or at any other location under Franchisee's control. Franchisor shall have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

(9) At Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Store or for any equipment used in the operation of the Store. Franchisor may exercise such option at or within thirty (30) days after the termination or expiration of this Agreement. 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 the assignment of Franchisee's interest in any such lease or sublease upon the exercise of Franchisor's option described herein. This power of attorney shall survive the expiration or termination of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Store premises, Franchisee shall "de-identify" the Store Location in all respects by making such redecoration and remodeling modifications or alterations to the premises, and effecting physical changes to the Store Location and the Store's décor, trade dress, color combination, signs and other physical characteristics, as Franchisor considers necessary in its reasonable business judgment to distinguish the appearance of the Store from that of other duly authorized Angelina Italian Bakery Stores, and, if Franchisee fails or refuses to do so, Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at Franchisee's expense.

(10) At Franchisor's option, assign to Franchisor all rights to the telephone numbers and any related Yellow Pages trademark listings, and all rights to any Website listings or services, search engines or systems, administrative rights to any Social Media (and shall disclose all passwords relating thereto) and any other business listings related to the Store, and execute all forms and documents required by Franchisor and any applicable third-party service provider to transfer such services, numbers, and/or listings to Franchisor. Franchisee shall thereafter use different telephone numbers, Website listings, and other business listings at or in connection with any subsequent business conducted by Franchisee.

(11) Immediately execute all agreements necessary to effectuate the termination.

(12) Franchisee shall also immediately pay all sums owing to any landlord, suppliers, employees, taxing authorities, advertising agencies, lenders and all other third parties.

(13) Upon any termination of this Agreement by Franchisor for cause, Franchisor will have the right immediately to enter and take possession of Franchisee's Store to maintain continuous operation of the previously Angelina Italian Bakery Store, provide for orderly change of management and disposition of personal property, and otherwise protect Franchisor's interests. If Franchisee disputes the validity of Franchisor's termination of the franchise, Franchisor will nevertheless have the option (which Franchisee irrevocably grants) to operate the Store pending the final, unappealed determination of the dispute by a court of competent jurisdiction. If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, Franchisor agrees to make a full and complete accounting for the period during which Franchisor operated the previously Angelina Italian Bakery Store.

B. Additional Franchisor Options. In addition to its options under Section 17(A) above, Franchisor shall have the following options, to be exercised within thirty (30) days after termination or expiration of this Agreement:

(1) Franchisor shall have the option to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, materials and other assets related to the operation of the Store, at fair market value. All transferrable permits, licenses and other governmental authorizations will be transferred or assigned to Franchisor, its Affiliate, nominee or designee (as applicable) at the soonest possible time. Notwithstanding the foregoing, all printed material, forms and other materials purchased from Franchisor under this Agreement will be purchased for an amount equal to their cost (if any).

(2) With respect to Franchisor's options under Section 17(B)(1), Franchisor shall purchase assets only and shall assume no liabilities, unless otherwise agreed in writing by the parties. As such, all property, real or personal, sold to Franchisor or Franchisor's Affiliate, nominee or designee (as applicable) under this Section 17 must be free and clear of all liens, debts, claims, liabilities, leases, encroachments, covenants, conditions, restrictions, rights, rights of way and/or other encumbrances (except for tax liens and special and/or other assessments not delinquent) unless Franchisor, in Franchisor's reasonable opinion (or that of its Affiliate, nominee or designee, as applicable), determine that the existence of same either will not interfere with the proposed use of the property or that the existence of same are merely due to easements of record, zoning ordinances or statutes, use and occupancy restrictions of public record or other limitations which are generally applicable to similar properties in the vicinity. If the parties cannot agree on the fair market value of the assets within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers. Each party shall select one (1) appraiser, and the average of the determinations of the two (2) appraisers shall be binding. In the event of an appraisal, each party shall bear its own legal and other costs and shall divide the appraisal fees equally. The purchase price shall be paid in cash; provided, that Franchisor shall have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (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 and costs).

(3) Franchisee will convey to Franchisor (or its Affiliate, nominee or designee, as applicable) good and merchantable, full, legal, equitable and beneficial title to all of the foregoing assets by means of appropriate deeds, bills of sale and assignments containing warranties of title. Franchisee hereby irrevocably designates Franchisor as Franchisee's attorney-in-fact and proxy to execute any and all instruments necessary and appropriate to effect such conveyance and will sign any other documents or agreements necessary for Franchisor's appointment as such. Franchisor (or Franchisor's Affiliate, nominee or designee, as applicable) will have the right at Franchisor's option to assume any liabilities encumbering the assets sold under the provisions of this Section or any of the liabilities for which Franchisor would otherwise be indemnified by Franchisee pursuant to Section 7(O) of this Agreement, and reduce the consideration payable to Franchisee accordingly. Franchisee will pay all transfer taxes and recording fees, if any.

(4) All rents, interest, assessments, taxes and other charges or royalties related to the assets to be conveyed, the payment period of which began before the Closing Date, will be prorated to the Closing Date on the basis of the most recent rates available, and the prorated amount will be added to or subtracted from, as the case may be, the consideration payable to Franchisee (for the avoidance of doubt, Franchisor may deduct from the purchase price all amounts that Franchisee owes to Franchisor or its Affiliates, amounts owed to the landlord for purposes of maintaining possession, and all other debts relating to the Store).

(5) Franchisee agrees to use Franchisee's best efforts to assist Franchisor (or its Affiliate, nominee or designee, as applicable) in obtaining any government or other approvals or consents necessary to carry out the terms and intent of this Section 17.

(6) Closing of the purchase and sale of the properties described above shall occur not later than thirty (30) days after the purchase price is determined, unless the parties mutually agree to designate another date (the "Closing Date"). At closing, 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 which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all necessary documents, instruments, or third party consents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

C. Assignment of Franchisor Rights. Franchisor shall be entitled to assign any and all of its options in this Section 17 to any other party, without the consent of Franchisee.

D. Liquidated Damages. Franchisee acknowledges and agrees that if Franchisor terminates this Agreement for Franchisee's default or if Franchisee terminates this Agreement without cause or otherwise abandon its Store, Franchisor will incur damages, the actual amount of which would be speculative and difficult to calculate. As such, Franchisee agrees to pay Franchisor, within fifteen (15) days after the effective date of such termination or unauthorized abandonment, in addition to all other amounts then owed to Franchisor under the Agreement, the agreed upon liquidated damages amount equal to the average monthly Royalty Fee, and Marketing Fund Contribution Franchisee owed during the twelve (12) months of operation preceding the effective date of termination or abandonment multiplied by the lesser of (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower. If at the time of such termination, Franchisee's Store has not been open for a full twelve (12) months, the liquidated damages Franchisee will be required to pay will be based on annualized sales. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages and not a penalty or punitive in nature. The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees and Marketing Fund Contribution. It does not cover any other damages, including damages to Franchisor's reputation with the public and damages arising from a violation of any provision of this Agreement other than the Royalty Fee and Marketing Fund Contribution Sections. Franchisee and each of its Principals agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fees and Marketing Fund Contribution Sections.

Section 18. LIABIILITY OF "FRANCHISEE"; GUARANTY

A. Liability of "Franchisee". The terms "Franchisee" as used in this Agreement will refer to each person executing this Agreement as Franchisee, whether that person is one of the spouses, partners, proprietors, shareholders, trustees, trustors or beneficiaries or persons named as included in Franchisee, and will apply to each of these persons as if he/she were the only named Franchisee in this Agreement. If Franchisee is a married couple, both husband and wife executing this Agreement will be liable for all of Franchisee's obligations and duties as Franchisee under this Agreement as if the spouse were the sole Franchisee under this Agreement. If Franchisee is a partnership or proprietorship, or if more than one person executes this Agreement as Franchisee, each partner, proprietor or person executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement. If Franchisee is a trust, each trustee, grantor and beneficiary signing this Agreement will be liable for all the obligations and duties of Franchisee under this Agreement. If Franchisee is a business entity, all owners of such entity executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement as if each such owner or the sole franchisee under this Agreement.

B. Personal Guaranty. All direct and indirect owners of Franchisee and any other individuals or entities that Franchisor designates, including without limitation, the Operating Principal, all directors and officers (collectively, the "Guarantors"), shall jointly and severally guarantee all of Franchisee's duties and requirement and the performance of Franchisee's obligations (both financial and non-financial) under this Agreement by executing the Personal Guaranty attached hereto as Attachment D, and shall otherwise bind themselves to the terms of this Agreement as stated herein. In the event of the death of any Guarantor, Franchisor may require replacement guaranties sufficient in Franchisor's sole business judgment to provide Franchisor with the same protection as Franchisor had originally bargained for.

If Franchisee is in breach or default under this Agreement, Franchisor may proceed directly against each such individual and/or entity Guarantor without first proceeding against Franchisee and without proceeding against or naming in the suit any other such Guarantor. Franchisee's obligations and those of each such Guarantor will be joint and several. Notice to or demand upon one such Guarantor will be considered notice to or demand upon Franchisee and all such Guarantors. No notice or demand need be made to or upon all such Guarantors. The cessation of or release from liability of Franchisee or any such Guarantor will not relieve Franchisee or any other Guarantor, as applicable, from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

Section 19. LEGAL ACTIONS, GOVERNING LAW AND VENUE

A. Attorneys' Fees and Costs. Except as otherwise provided by this Agreement, each party to any legal action or proceeding brought against the other party shall be responsible for his/her/its own attorneys' fees, experts' fees, court costs and all other expenses sustained in the course of such litigation (including any appeals). Franchisee acknowledges, however, that certain provisions of this Agreement provide that should Franchisor prevail in certain legal actions or proceedings against Franchisee, Franchisee must reimburse Franchisor for all costs and expenses incurred in connection with such legal actions or proceedings (including any appeal thereof), including reasonable attorneys' fees, experts' fees, court costs and all other expenses Franchisor incurs.

B. Attorneys' Fees – Third Party Actions. If Franchisor becomes a party to any action or proceeding commenced or instituted against Franchisor by a third party arising out of or relating to any claimed or actual act, error or omission of Franchisee and/or any of Franchisee's officers, directors, shareholders, management, employees, contractors and/or representatives (the "Franchisee Party(ies)") and/or Franchisee's Store by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on Franchisor as a result of Franchisor's status as Franchisor; or if Franchisor becomes a party to any litigation or any insolvency proceeding involving Franchisee pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then Franchisee will be liable to, and must promptly reimburse Franchisor for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses Franchisor incurs in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to Franchisor's proof of claim in any insolvency or bankruptcy proceeding Franchisee files.

C. Governing Law. This Agreement; all relations between Franchisor and Franchisee; and, any and all disputes between Franchisee and/or any of Franchisee's Affiliates, on the one hand, and Franchisor and/or any other Indemnitees, on the other hand, whether such dispute sounds in law, equity or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the state of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement is not enforceable under the laws of New York (or a successor state Franchisor designates as provided above), and if Franchisee's Store is located outside of New York (or such hereafter designated state) and the provision would be enforceable under the laws of the state in which Franchisee's Store is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. This Section 19(C) is not intended to invoke, and shall not be deemed to invoke, the application of any franchise, business opportunity, antitrust, unfair competition, fiduciary or any other doctrine of law of the State of New York, or any successor state Franchisor designates (as provided above), which would not otherwise apply by its terms jurisdictionally or otherwise but for the within designation of governing law or which, by virtue of its denominated geographic or subject matter scope, would not by its terms otherwise apply.

D. Internal Dispute Resolution and Mediation.

(1) Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisor and Franchisee or any of their respective affiliates to Franchisor's Legal Department, after providing notice as set forth in Section 20(A) above. Such notice will describe Franchisee's claim in reasonable detail. Franchisor must respond to Franchisee's notice inquiry within ten (10) business days of receipt or otherwise it is deemed denied. If Franchisor requests, Franchisee's Operating Principal shall meet with Franchisor to attempt to reach resolution of the claim. If such claim is not resolved within thirty (30) days of such meeting, Franchisee may move the claim to mediation as set forth below. Franchisee must exhaust this internal dispute resolution procedure before it may bring its dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

(2) Mediation. Except for actions which the Franchisor may bring in any court of competent jurisdiction (i) for monies owed, (ii) for injunctive or other extraordinary relief, or (iii) involving the possession or disposition of, or other relief relating to, real property, the Marks or the Confidential Information, the parties agree to submit any claim, controversy or dispute between Franchisor or any of its Affiliates (and their respective shareholders, officers, directors, agents, representatives and/or employees) and Franchisee (and Franchisee's agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between Franchisor and Franchisee or their respective affiliates, (b) Franchisor's relationship with Franchisee, (c) the validity of this Agreement or any other agreement between Franchisor or Franchisee or their respective affiliates, or (d) any System standard, which are not first resolved through the internal dispute resolution procedures set forth in Section 20(D)(1), to mediation prior to bringing such claim, controversy or dispute in a court or before any other tribunal. The mediation shall be conducted by and under the auspices of the American Arbitration Association ("AAA") in accordance with AAA's Commercial Mediation Rules then in effect, by a mediator mutually agreed upon by the parties and, failing such agreement, appointed by the AAA in accordance with its rules governing mediation. The mediator must be an attorney with at least ten (10) years' experience in franchise law. The mediation shall be held in New York, New York at Franchisor's headquarters (or at such other location mutually agreed upon by the parties or if no agreement, as determined by the AAA in accordance with its rules governing mediation). The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees and costs 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, unless such time period is extended by written agreement of the parties, either party may institute litigation Section 19(E).

E. Jurisdiction and Venue. Any action or proceeding brought by Franchisor or Franchisee (and/or any of Franchisor's or Franchisee's respective affiliates, and their respective owners, members, officers, directors or managers) against any such other party, whether sounding in law or equity, will be instituted, litigated through conclusion and, if necessary, appealed through final, irrevocable judgment exclusively in a state or federal district court of competent jurisdiction situated in New York, New York. Any such action or proceeding shall be brought in federal court if federal court jurisdiction exists and, if it does not exist, then in state court. Franchisee (and Franchisee's affiliates, and the owners, members, officers, directors or managers of each of the foregoing) hereby irrevocably submit themselves to the jurisdiction of any such court and waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee (and each of Franchisee's affiliates, and the owners, members, officers, directors or managers of each of the foregoing) agrees that any dispute as to the venue for litigation will be submitted to and resolved exclusively by such aforementioned court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, Franchisee's Store or Store Location, Franchisor may bring such an action in any state or federal district court which has jurisdiction. Franchisee, on behalf of Franchisee and Franchisee's affiliates, and the owners, members, officers, directors or managers of each of the foregoing, hereby waives and covenants never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of "forum non conveniens"). The parties agree that this Section 19(E) shall not be construed as preventing either party from removing an action or proceeding from state to federal court.

F. Waiver of Jury Trial and Punitive Damages.

(1) The parties to this Agreement (as denominated in Section 19(E)) explicitly waive their respective rights to a jury trial in any litigation between them and hereby stipulate that any such trial shall occur without a jury.

(2) Franchisee, Franchisee's Guarantors and the other Franchisee Parties hereby irrevocably waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other similar damages in any action or proceeding whatsoever between such parties and/or any of their affiliates and Franchisor and/or any of Franchisor's affiliates, and Franchisee and such others covenant never to advance or pursue any such claim for punitive damages. Franchisee and such others agree that in the event of a dispute, Franchisee and such others shall be limited to the recovery from the Indemnitees of any actual damages sustained by Franchisee or them. Franchisee covenants to secure from any Franchisee Party which does not execute this Agreement his/her/its execution of a writing specified by Franchisor, in the Manual or otherwise, irrevocably confirming the applicability to them of the provisions of this Section19(E), in such manner and by such time Franchisor reasonably specifies.

G. No Consolidated or Class Actions. Franchisee and the other Franchisee Parties may only pursue any claim Franchisee has against Franchisor or the other Indemnitees in an individual legal action or proceeding. Neither Franchisee nor any other Franchisee Party shall join or combine its/their legal action or proceeding in any manner with any action or claim of any other Angelina Italian Bakery franchisee, franchise owner, franchisee guarantor, or other claimant, nor will Franchisee or any other Franchisee Party maintain any action or proceeding against Franchisor and the other Indemnitees in a class action, whether as a representative or as a member of a class or purported class, nor will Franchisee or any other Franchisee Party seek to consolidate, or consent to the consolidation of, all or part of any action or proceeding by any of them against Franchisor or the other Indemnitees with any other litigation against Franchisor or such other Indemnitees.

H. Limitation on Actions. Any and all legal actions or proceedings brought by Franchisee against Franchisor or the other Indemnitees arising out of or related to this Agreement or any related agreement; any breach of this Agreement or any related agreement; the relations between such parties; and, any and all disputes between such parties, whether sounding in law or equity, must be commenced within two years from the occurrence of the acts, errors and/or omissions giving rise to such legal action or proceeding or within two years from the date on which Franchisee knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such action or proceeding, whichever occurs first. If not, then Franchisee irrevocably covenants and agrees that such action or proceeding shall be barred.

I. Injunctive Relief. Nothing contained in this Agreement shall prevent Franchisor from applying to and/or obtaining, from any court having competent jurisdiction, a writ of attachment, injunctive relief, including without limitation a temporary injunction or preliminary injunction, and/or other emergency relief available to safeguard and protect Franchisor's interests. Franchisee explicitly affirms and recognizes the unique value and secondary meaning associated with the System and the Marks. Accordingly, Franchisee agrees that any noncompliance by Franchisee with the terms of this Agreement, or any unauthorized or improper use of the System or the Marks by Franchisee, will cause irreparable damage to Franchisor and other System franchisees. As such, if Franchisee engages in such noncompliance, or unauthorized and/or improper use of the System or Marks, during or after the term of this Agreement, Franchisee agrees that Franchisor is entitled to both temporary and permanent injunctions without the posting of any bond or security of any type or nature, or any other form of security. Franchisee further consents to the entry of these temporary and permanent injunctions. Franchisee will be responsible for payment of all costs and expenses, including reasonable attorneys' and expert fees, which Franchisor and/or its Affiliates may incur in connection with Franchisee's noncompliance with this covenant.

Section 20. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by a recognized overnight delivery service (capable, through "signature capture" or otherwise of documenting delivery or attempted delivery of the notice) or certified or registered mail, return receipt requested, first-class postage prepaid, 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: Angelina Franchising LLC
41 West 35th Street
New York, New York 10001
Attention: Tony Park, Chief Executive Officer

With a copy to: Kaufmann Gildin & Robbins LLP
767 Third Avenue, 30th Floor
New York, New York 10017
Attention: David J. Kaufmann, Esq.

Notices to Franchisee: ______________________________
____
____
Email: ______________________________
Attention: ______________________________

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 registered or certified mail, three (3) business days after the date and time of mailing. Franchisor reserves the right to designate in its Manual a now or hereafter developed mode of electronic communication to facilitate Franchisor's and Franchisee's giving notices to each other, but only if the mode of communication Franchisor specifies is capable of affording evidence of delivery or attempted delivery. Either party to this Agreement may, in writing, on ten (10) days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

B. Entire Agreement; Amendments.

(1) Entire Agreement. This Agreement, the documents referred to herein, the Attachments hereto and all ancillary agreements executed contemporaneously with this Agreement, constitute the entire, full and complete agreement between Franchisor and Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related negotiations, understandings, representations and agreements; provided, however, that nothing in this or any related agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's 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 time as this Agreement). Franchisee specifically acknowledges that no officer, director, employee, agent, representative or independent contractor of Franchisor is authorized to furnish Franchisee with any financial performance information. For the purpose of this Agreement, "financial performance information" means information given, whether orally, in writing or visually which states, suggests or infers a specific level or range of historic or projected sales, expenses and/or profits of franchised or non-franchised Stores.

(2) Amendments; No Oral Modification. 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.

Franchisor shall not be required to waive or impair any right, power, or option this Agreement reserves (including, without limitation, Franchisor's right to demand exact compliance with every term, condition, and covenant or to terminate this Agreement before its term expires due to a breach) because of any custom or practice at variance with this Agreement's terms; Franchisor's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System standard; Franchisor's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Angelina Italian Bakery Store; the existence of franchise agreements for other Stores which contain provisions different from those contained in this Agreement; or, Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement.

C. 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 Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or the Principals, or as to a subsequent breach or default by Franchisee or the Principals. Without limiting the foregoing, Franchisor's acceptance of any payment specified to be paid by Franchisee under this Agreement will not be, nor constitute, Franchisor's waiver of any breach of any term, covenant or condition of this Agreement.

D. Approval or Consent; No Warranty or Guaranty; Franchisor's Withholding of Consent – Exclusive Remedy. 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. No waiver, approval, consent, advice or suggestion given to Franchisee, 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 Franchisee or any third party as a result thereof. In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce this Agreement's provisions, for specific performance or for declaratory judgment. When the terms of this Agreement specifically require that Franchisor not unreasonably withhold its approval or consent, if Franchisee is in default or breach under this Agreement, any withholding of Franchisor's approval or consent will be considered reasonable.

E. 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, in addition to payments required under Section 16(C)(5), 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 such event and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with Section 7(O). Except as provided in Section 16(C)(5) and 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.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances (including without limitation those effecting production and supply), war, civil commotion, embargoes, terrorism, riot, fire, floods, natural disasters, or other catastrophe, compliance with the orders, regulations, rules or laws of any federal, state, or municipal government, any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; or other forces beyond Franchisor's or Franchisee's control.

F. 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. Notwithstanding the foregoing, if any provisions determined to be invalid and contrary to or in conflict with any existing or future law pertains to the payment of monied due to Franchisor or its Affiliates under this Agreement of any type or nature whatsoever, in which case Franchisor may at its option terminate this Agreement.

G. Business Judgment. Franchisee, 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.

H. Construction. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

I. Counterpart Execution. This Agreement may be executed in multiple counterparts, and by facsimile or electronic signature, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

J. 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.

K. Survival. Any obligation of Franchisee or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Principals therein, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections 19(D) and 19(E) 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.

L. 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 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 Section 16 of this Agreement shall not discharge or release Franchisee 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, Franchisee 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.

M. 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 Franchisee, Franchisor, Franchisor's officers, directors and personnel, Franchisor's affiliate and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section 7(O)), any rights or remedies under or as a result of this Agreement, and Franchisee agrees that none is to be presumed or deemed to exist.

N. 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.

Section 21. FRANCHISEE'S ACKNOWLEDGMENTS

A. Compliance with Federal and State Franchise Disclosure Laws. Franchisee acknowledges that it received a complete copy of Franchisor's disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 calendar days before the execution of this Agreement or at least 14 calendar days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

B. Procurement of Licenses, Permits, Certificates or Governmental Authorizations. Franchisee acknowledges that no representation or statement has been made by Franchisor or its Affiliates (or any of Franchisor's or its Affiliates' officers, directors, managers, employees, agents or salespersons) and relied on by Franchisee regarding Franchisee's ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for Franchisee to carry out the activities contemplated by this Agreement.

C. Reasonability of Agreement Restrictions. Franchisee has carefully considered the nature and extent of the restrictions upon Franchisee set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon Franchisee and Franchisor under this Agreement. Such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to Franchisor; (c) are fully required to protect Franchisor's legitimate business interests; and, (d) do not confer benefits upon Franchisor that are disproportionate to Franchisee's detriment.

Section 22. Submission of Agreement.

Franchisor tendering this Agreement to Franchisee does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both Franchisor and Franchisee.

THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR.

FRANCHISEE ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE THIS AGREEMENT.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

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.

FRANCHISEE:

If an entity:

____
(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

FRANCHISOR:

ANGELINA FRANCHISING LLC

By: ____
Name: ______________________________________
Title: ______________________________________
Date: ______________________________________

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Section 10(C) of the Franchise Agreement ("Noncompetition Covenant") contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

2. Section 19(E) of the Franchise Agreement ("Jurisdiction and Venue") requires venue to be limited to the laws of the state, county and judicial district in New York, New York. This provision may not be enforceable under California law.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning transfer, termination, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

5. With respect to franchises sold in California, upon the termination or nonrenewal of a franchise, a franchisor may offset against the amounts owed to a franchisee under Section 20022 of the California Business and Professions Code any amounts owed by the franchisee to the franchisor, provided the franchisee agrees to the amount owed or the franchisor has received a final adjudication of any amounts owed. Such proviso shall apply notwithstanding the Franchisor's general right of set-off referred to in Section 5.06(D) of the Franchise Agreement.

6. With respect to franchises sold in California, a franchisor is prohibited from modifying a franchise agreement, or requiring a general release, in exchange for any assistance related to a declared state or federal emergency.

7. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated:__________________

FRANCHISEE:

If an entity:

____
(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: ________________

ANGELINA FRANCHISING LLC

By:____

Name: ____

Title: ____

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature pages follows.]

Dated:_________________

FRANCHISEE:

If an entity:

____
(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: ________________

ANGELINA FRANCHISING LLC

By:____

Name: ____

Title: ____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. 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. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.
3. The last paragraph of Section 2(D) of the Franchise Agreement is amended to include the following language at the end of the section:

   "Notwithstanding the foregoing, 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."
4. Section 19(E) of the Franchise Agreement requires venue to be limited to New York. This provision is deleted from all Franchise Agreements for residents of the State of Maryland and/or franchises to be operated in the State of Maryland.
5. Section 21 ("Franchisee's Acknowledgments") and the third paragraph of Section 22 ("Submission of Agreement") are deleted from all Franchise Agreements for residents of the State of Maryland and/or franchises to be operated in the State of Maryland.
6. 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.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated:_________________

FRANCHISEE:

If an entity:

____
(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: ________________

ANGELINA FRANCHISING LLC

By:____

Name: ____

Title: ____

[Signature page to Maryland Addendum to Angelina Italian Bakery Franchise Agreement]

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. The last sentence of the first paragraph of Section 6(A) of the Franchise Agreement ("Confidential Operations Manual) is amended to read as follows:

   "The Manual and any additions, deletions, revisions or Supplements to the Manual are material in that they will affect the operation of the franchised Business, but they will not conflict with or materially alter your rights and obligations under this Agreement or place an excessive economic burden on your operations."

2. Sections 3(B), 4(B), 6(B) and 14(C) of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

   "Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied."

3. The second sentence of Section 10(I) of the Franchise Agreement is amended to read as follows:

   "Accordingly, you consent to the seeking of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement."

4. The third and fourth sentences of Section 19(I) of the Franchise Agreement ("Injunctive Relief") is amended to read as follows:

   "You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the seeking of these temporary and permanent injunctions."

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated:__________________

FRANCHISEE:

If an entity:

____
(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: _________________

ANGELINA FRANCHISING LLC

By:____

Name: ____

Title: ____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. This Addendum may be executed in counterparts, which together shall constitute one and the same instrument. Signatures via DocuSign, .PDF file, facsimile, or other electronic format have the same force and effect as originals.

[Signature page follows.]

Dated:__________________

FRANCHISEE:

If an entity:

____
(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: _________________

ANGELINA FRANCHISING LLC

By:____

Name: ____

Title: ____

ATTACHMENT A

SELECTED TERMS:
STORE LOCATION, PROTECTED AREA, AND OPENING DATE

1. STORE LOCATION: The Store shall be located at the following address:

   ____

2. PROTECTED AREA: The Protected Area shall be a ___ mile radius surrounding the Store Location.

3. OPENING DATE: The Opening Date of the Store is _______________________.

4. OPERATING HOURS: Franchisee's Store must be open for business __________ days per year and at least during the hours of ____________________, unless otherwise instructed by Franchisor in writing.

5. ROYALTY FEE: 3% of the weekly Gross Sales of Franchisee's Store for the first year of the Store's operation, and shall increase to 4% of the weekly Gross Sales of Franchisee's Store for the 2nd year continuing through the end of the Initial Term of the Franchise Agreement.

6. MARKETING FUND CONTRIBUTION: When Franchisor forms an Angelina Italian Bakery Marketing Fund, Franchisee shall contribute up to 2% of the monthly Gross Sales of Franchisee's Store.

7. NOTICES TO FRANCHISEE:

Notices to Franchisee and the Principals (Section 19(A)):	____________________________________
	____________________________________
	____________________________________
	Attention: ____________________________
	Telephone: ____________________________
	Email: ____________________________
	____________________________

FRANCHISOR	**FRANCHSIEE**
ANGELINA ITALIAN FRANCHISING LLC	[NAME OF FRANCHISEE]
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

ATTACHMENT B

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Franchisee, a description of the nature of their interest and their ownership percentage:

NAME	NATURE OF INTEREST	OWNERSHIP PERCENTAGE

B. The name and contact information of the Operating Principal:

____

____

____

____

[Signature page follows.]

Dated:__________________

FRANCHISEE:

If an entity:

____

(Name of Entity)

By:____

Name: ____

Title: ____

If an individual:

____

(Signature)

____

(Print Name)

____

(Signature)

____

(Print Name)

Dated: _________________

ANGELINA FRANCHISING LLC

By:____

Name: ____

Title: ____

ATTACHMENT C-1

CONFIDENTIALITY/NON-COMPETITION AGREEMENT

CONFIDENTIALITY/NON-COMPETITION AGREEMENT

NAME:	______________________________
FRANCHISOR:	______________________________
HOME ADDRESS:	______________________________
	______________________________
HOME TELEPHONE:	______________________________
CLASSIFICATION:	______________________________
	(Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

__________________________ ("Franchisee") is a franchisee of Angelina Franchising LLC ("Franchisor") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated ______________________ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Franchisee and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, the following constitute Confidential Information of Franchisor: all products, services, equipment, technologies and procedures relating to ; all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the System; Franchisor's Confidential Operating Manual (as same may be amended from time to time); Supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of advertising and promotion; customers; instructional materials; staff composition and organization systems; quality assurance programs; supervision systems; recommended services; recordkeeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; standards of interior and exterior design and decor; activity schedules; job descriptions; advertising, promotional and public relations materials/campaigns/guidelines/philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components constituting the System or the systems and methods of operations which are now, or may in the future, be employed by Franchisor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Franchisor or its Affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Franchisee, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment/service/association/ownership participation, and under the circumstances set forth in the following paragraph, for a period of one year immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which engages in any of the activities which the Franchise Agreement contemplates will be engaged in by Franchisee; or, which offers or sells any other service, product or component which now or in the future is part of the System, or any confusingly similar product or service. I agree that I am prohibited from engaging in any competitive business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any competitive business, if the other business is located within Franchisee's Protected Area, within twenty miles of the boundaries of Franchisee's Protected Area, or within twenty miles of (or within) the Protected Area of any other Angelina Italian Bakery Store (whether Company-owned, franchised or otherwise established and operated).

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Franchisee do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's Confidential Information. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in New York, New York. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York, New York.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Witnessed By:

____
Witness/Date

____
(Print Name)

____
(Signature)

____
(Date)

EXHIBIT C-2
CONFIDENTIALITY AGREEMENT (NON-MANAGERIAL PERSONNEL)

CONFIDENTIALITY AGREEMENT

NAME: ______________________________

FRANCHISEE: ______________________________

HOME ADDRESS: ______________________________

____

HOME TELEPHONE: ______________________________

RELATION TO FRANCHISEE: ______________________________

(Employee, Independent Contractor, Etc.)

____________________________ ("Franchisee") is a franchisee of Angelina Franchising LLC ("Franchisor") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated _______________________ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor which may be communicated to me ("Confidential Information").

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, the Confidential Information of Franchisor includes without limitation: all information, knowledge, trade secrets or know-how utilized or embraced by the Franchisor's System and/or or imparted to Franchisee by Franchisor or any of Franchisor's affiliates which otherwise concerns Franchisee or Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, manuals, computer files, databases or software; all elements of the Franchisor's System and all food and beverage items, other products, services, equipment, technologies, recipes, food and beverage preparation techniques, policies, standards, requirements, criteria and procedures that now or in the future are a part of the Franchisor's System; Franchisor's Manual (including Supplements to the Manual); all food and beverage recipes and preparation techniques, programs, specifications, ingredients, cooking and serving techniques, sources of supply, presentation elements, serving and takeout procedures and delivery specifications; all procedures, systems, techniques and activities employed by Franchisor or by Franchisee in the offer and sale of programs, products and/or services at or from Franchisee's franchised Restaurant Business; all pricing paradigms established by Franchisor or by Franchisee; all of Franchisor's and/or Franchisee's sources (or prospective sources) of supply and all information pertaining to same (including wholesale pricing structures, the contents of sourcing agreements and the identity of suppliers); Franchisor's specifications, and Franchisee's final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of Franchisee's Restaurant(s); the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and Franchisee; all information pertaining to Franchisor's and/Franchisee's advertising, marketing, promotion and merchandising campaigns, activities, materials, specifications and procedures; all customer lists, data and records generated and/or otherwise maintained by Franchisee's franchised Business; Franchisor's (and, if in the future Franchisor permits, Franchisee's) internet/web protocols, procedures and content (including electronic data, data files, user names and passwords); Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training and staff certification policies and procedures; all communications between Franchisor (including the financial and other reports Franchisee is required to submit to Franchisor under this Agreement); additions or improvements to, deletions from and modifications and variations of the components of the Franchisor's System and the other systems and methods of operations which Franchisor employs now or in the future; research, development and test programs for products, services and operations; and, all other information, knowledge and know-how which either Franchisor or Franchisor's affiliates, now or in the future, designate as confidential.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Franchisee, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment,

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) the following individuals if they have such an interest: my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me.

I acknowledge that violation of the covenants not to disclose Confidential Information contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants and/or restrictions on the use of Confidential Information set forth in this agreement. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to disclose Confidential Information set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to disclose Confidential Information set forth in this Agreement.

If all or any portion of this covenant not to use Confidential Information is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Louisiana without recourse to Louisiana (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Louisiana, and if the franchised Business is located outside of Louisiana and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Louisiana or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in the state, county and judicial district in which Franchisor's principal place of business is then located. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in the state, county and judicial district in which Franchisor's principal place of business is then located.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

	______________________________
Witnessed By:	(Print Name)
______________________________	
Witness/Date	______________________________
	(Signature)
	______________________________
	(Date)

ATTACHMENT D
GUARANTY OF ANGLEINA FRANCHISING LLC FRANCHISE AGREEMENT

GUARANTY OF
ANGELINA FRANCHISING LLC FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the “Franchise Agreement”) dated______________________, between Angelina Franchising LLC (“Franchisor”) and ____ (“Franchisee”) and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guaranty, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guaranty shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guaranty or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned. The undersigned agree to bear any and all Franchisor’s costs of collection hereunder, including all court costs and expenses, attorneys’ fees, costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before courts or tribunals (including arbitration tribunals), and all other costs of collection.

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty shall inure to the benefit of the Franchisor, its successors and assigns. This Guaranty may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guaranty is to be exclusively construed in accordance with and/or governed by the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of New York, and if the business franchised under the Franchise Agreement is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guaranty will be instituted exclusively in a court of competent jurisdiction in New York, New York. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York, New York. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

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

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty effective as of the date of the Franchise Agreement.

Attest:

By:________________________ ____________________________________
Signature

____
Printed Name
____

____
Address

Attest:

By:________________________ ____________________________________
Signature

____
Printed Name
____

____
Address

Attest:

By:________________________ ____________________________________
Signature

____
Printed Name
____

____
Address

ATTACHMENT E

SOFTWARE LICENSE AGREEMENT

TABLE OF CONTENTS

SOFTWARE LICENSE AGREEMENT

THIS AGREEMENT is made and entered on __________________________, between ANGELINA FRANCHISING LLC, a New York limited liability company with its principal office at 42 West 28th Street, 5th Floor, New York, New York 10001 ("Licensor") and ____ whose principal address is ("Licensee") ____.

1. GRANT OF LICENSE

1.01 Grant of License

Licensor grants to Licensee a nontransferable, nonexclusive single-site license for the use of those computer programs, system documentation manuals and other materials (hereinafter collectively referred to as "Angelina Italian Bakery Software" or the "Software") supplied by Licensor to Licensee during the term of this Agreement.

1.02 Revisions, Additions and Deletions

Licensor may, from time to time, revise the Angelina Italian Bakery Software or any part of the Software. In doing so, Licensor incurs no obligation to furnish these revisions to Licensee. Licensor reserves the right to add and/or delete, at its sole option, computer programs and/or features to the Angelina Italian Bakery Software. If Licensor furnishes Licensee with revisions or additions to the Angelina Italian Bakery Software, Licensor specifically reserves the right to charge Licensee for them at the prices and on the terms that Licensor determines at its sole option, including, without limitation, any costs associated with installation of computer hardware, equipment, connections, data systems, software, etc. Any updates, replacements, revisions, enhancements, additions or conversions to the Angelina Italian Bakery Software furnished by Licensor to Licensee will become part of the "Software" under this Agreement and subject to this Agreement.

1.03 Rights of Licensor

Licensee recognizes that Licensor is supplying the Angelina Italian Bakery Software and all additional materials and information, including but not limited to all processes, ideas, data and printed material, to Licensee subject to Licensor's proprietary rights. Licensee agrees with Licensor that the Angelina Italian Bakery Software and all information and/or data supplied by Licensor in any form, including but not limited to machine-readable and/or printed form, are trade secrets of Licensor embodying substantial creative efforts and confidential information, ideas, and expressions, are protected by civil and criminal law, and by the law of copyright, are very valuable to Licensor, and that their use and disclosure must be carefully and continuously controlled. Accordingly, Licensee agrees to treat (and take precautions to ensure that its employees treat) the Software as confidential in accordance with the confidentiality requirements and conditions set forth in this Agreement. Licensor is not obligated to provide and Licensee acquires no right of any kind under this Agreement with respect to any source code for the Software.

1.04 Title

Licensor retains title to the Angelina Italian Bakery Software, the system documentation manuals, any additional materials and information furnished by Licensor in any form (including but not limited to object, machine-readable and/or printed form). Licensee agrees to keep every item to which Licensor retains title free and clear of all claims, liens and encumbrances except those of Licensor. Any act of Licensee, voluntary or involuntary, purporting to create a claim, lien or encumbrance on such an item will be void.

1.05 No Other Rights Granted

Apart from the license rights specifically enumerated in this Agreement, this Agreement does not include a grant to Licensee of any ownership right, title or interest, nor any security interest or other interest, in any Intellectual Property Rights (as defined in the following sentence) relating to the Software or any part of the Software. "Intellectual Property Rights" means any and all rights to exclude under patent law, copyright law, oral rights law, trade-secret law, semiconducter chip protection law, trademark law, unfair competition law or other similar rights.

2. TERM

2.01 Term

This License Agreement is effective from the date of execution by Licensor and will remain in full force so long as Licensee remains a Franchisee in good standing under to the Angelina Italian Bakery Franchise Agreement entered into between Angelina Franchising LLC and Licensee, dated ________________________ (the "Franchise Agreement"). The Franchise Agreement is incorporated in this Agreement as though set forth in full.

3. RESTRICTIONS ON LICENSEE

3.01 Single-Site Use

The Angelina Italian Bakery Software and other materials provided under this Agreement may be used only on a single central processing unit (referred to as the "CPU") and its associated networked peripheral units at the same site. “Use” of a program will consist either of copying any portion of the program from storage of units or media into the CPU, or the processing of data with the program, or both. Licensee agrees to keep all programs, documentation and materials in any form (including but not limited to object, machine-readable and/or printed form) supplied under this license in a secure place, under access and use restrictions satisfactory to Licensor, and not less strict than those applied to Licensee's most valuable and sensitive programs. In the event that the CPU becomes inoperable, Licensee shall have the right to temporarily move the Software to a back-up system at the same site, for a reasonable period of time, while the CPU is inoperable. Licensee shall provide Licensor with written notice within five (5) days of any such movement.

Licensee shall be exclusively responsible for the supervision, management and control of its use of the Software and the operating environment, including, but not limited to: (i) assuring proper audit controls and operating methods; (ii) establishing adequate back-up plans in the event of a Software or hardware malfunction, including restart and recovery procedures; (iii) implementing sufficient procedures and checkpoints to satisfy its requirements for security and accuracy of input and output; and (iv) maintaining the proper operating environment for the Software.

3.02 Copies

Licensee agrees that while this license is in effect, or while Licensee has custody or possession of any property of Licensor, and except as provided in the following paragraph, Licensee will not (a) copy or duplicate, or permit anyone else to copy or duplicate, any physical or magnetic version of the Angelina Italian Bakery Software or other information furnished by Licensor in any form (including but not limited to object, machine-readable and/or printed form), or (b) create or attempt to create, or permit others to create or attempt to create, by reverse engineering or otherwise, the source programs or any part of them from the object program or from any other information made available under this license or otherwise (whether oral, written, tangible or intangible).

Notwithstanding the foregoing, any Angelina Italian Bakery Software or additional material which is provided by Licensor in any form (including but not limited to object, machine-readable and/or printed form) may be copied, in whole or in part, solely for the use of Licensee at Licensee's address stated above, for archive or emergency restart purposes, to replace a worn copy, or to understand the contents of such machine-readable material, provided, however, that no more than three printed copies and three object or machine-readable copies will be in existence under this license at any one time without prior written consent from Licensor. The original, and any copies, in whole or in part, of Angelina Italian Bakery Software and/or additional materials supplied to Licensee by Licensor, which are made under this Agreement, will be the property of Licensor for all purposes.

Licensee agrees to maintain appropriate records of the number and location of all copies of the Software and make such records available upon Licensor’s request. Licensee further agrees to reproduce all copyright and other proprietary notices on all copies of the Software in the same form and manner that such copyright and other proprietary notices are originally included on the Software.

Licensee agrees to keep any copies and the original at Licensee's address stated above, except that the Licensee may transport or transmit a copy or the original of any licensed program to another location for back-up use when required by CPU malfunction, provided that, when the malfunction is corrected, the copy or the original is destroyed or returned to Licensee's above address.

Licensee agrees to respect and not to remove, obliterate, or cancel from view any copyright, trademark, confidentiality or other proprietary notice, mark, or legend appearing on any of the Software or output generated by the Software, and to reproduce and include same on each copy of the Software.

3.03 No Reverse Engineering or Modification

Licensee agrees that while this license is in effect, or while Licensor has custody or possession of any property of Licensor, Licensee will not modify, translate, enhance, merge, reverse engineer, reverse assemble, disassemble, or decompile the Software or any portion of the Software, derive the source code or the underlying ideas, algorithms, structure or organization form of the Software or any portion thereof or otherwise reduce the Software or any portion of the Software to human-readable form. Licensee may not, and may not attempt to, defeat, avoid, by-pass, remove, deactivate or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software.

3.04 Transfer of Software

If Licensee transfers possession of any copy, modification, translation or merged portion of the Angelina Italian Bakery Software to another party, the attempt at transfer is void and this license is automatically terminated.

4. PROTECTION AND SECURITY

4.01 Non-Disclosure

Licensee agrees not to disclose, publish, display, translate, release, transfer or otherwise make available the Angelina Italian Bakery Software, any part of the Software or any other materials furnished by Licensor in any form (or any copy of any of the foregoing) to any person, without the written consent of Licensor, which may be withheld with or without cause. Licensee agrees that it will take all necessary action including, but not necessarily limited to, instructing and entering into agreements with all of Licensee's employees, agents, representatives, affiliates, subsidiaries, and/or other third persons/entities associated with Licensee to protect the copyright and trade secrets of Licensor in and to those materials licensed under this Agreement and to assure Licensee's compliance with its obligations under this Agreement. Licensee shall use its best efforts to assist Licensor in identifying and preventing any unauthorized use, copying or disclosure of the Software or any portions thereof. Without limitation of the foregoing, Licensee shall advise Licensor immediately in the event Licensee learns or has reason to believe that any person who Licensee has given access to the Software, or any portion thereof, has violated or intends to violate the terms of this Agreement. The provisions of this Section 4.01 will survive the termination of this Agreement. Licensee shall not rent, lease, loan, distribute, sell, sublicense or encumber the Software.

Licensee shall not create any derivative works from the Software. Licensee agrees that any derivative works created by Licensee from the Software, including, but not limited to, software or other electronic works, are considered derivative works under U.S. law and that use of the derivative work is subject to the terms and conditions of this License Agreement. Derivative works may not be sublicensed, sold, leased, rented, lent, or given away without written permission from Licensor. Licensor will not be responsible for unauthorized, modified and/or regenerated software or derivative works.

Licensee understands and agrees that Licensor may from time to time adopt whatever mechanical or other electronic methods that Licensor deems necessary (in its sole and exclusive judgment) to prevent the unauthorized use and/or distribution of the Angelina Italian Bakery Software.

4.02 Off-Site Communications Lines

Licensee may not permit the computer programs licensed under this Agreement to be transmitted over any off-site communications lines for any purpose.

5. UNAUTHORIZED ACTS

5.01 Unauthorized Acts

Licensee agrees to notify Licensor immediately of the unauthorized possession, use or knowledge of any item supplied through this license and of other information made available, to Licensee under this Agreement, by any person or organization not authorized by this Agreement to have such possession, use or knowledge. Licensee agrees to promptly furnish full details of the possession, use or knowledge to Licensor, to assist in preventing the recurrence of the possession, use or knowledge, and to cooperate with Licensor in any litigation against third parties deemed necessary by Licensor to protect its proprietary rights. Licensee's compliance with this paragraph will not be construed in any way as a waiver of Licensor's rights to recover damages or obtain other relief against Licensee for its negligent or intentional harm to Licensor's proprietary rights, or for breach of Licensor’s contractual rights.

5.02 Export Law Assurances.

Licensee may not use or otherwise export or reexport the Software except as authorized by United States law and the laws of the jurisdiction in which the Software was obtained. In particular, but without limitation, the Software may not be exported or reexported: (i) into, or to a national or resident of, any U.S. embargoed country, or (ii) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals, the U.S. Department of Commerce's Table of Denial Orders or to whom export or reexport is prohibited by the United States Department of Treasury Office of Foreign Assets Control ("OFAC") or any other United States or foreign agency or authority. Licensee represents and warrants that Licensee is not located in, under control of, or a national or resident of any such country or on any such list.

6. INSPECTION

6.01 Inspection

To assist Licensor in the protection of its proprietary rights, Licensee agrees to permit representatives of Licensor to inspect, at all reasonable times, any location at which items supplied under this Agreement are being used or kept.

7. ASSIGNMENT OF LICENSE RIGHTS

7.01 Assignment by Licensor

Licensor will have the right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Licensor under this Agreement: (i) the assignee must, at the time of the assignment, be financially responsible and economically capable of performing the obligations of Licensor under this Agreement, and (ii) the assignee must expressly assume and agree to perform these obligations.

7.02 Assignment by Licensee

With respect to Licensee's obligations under this Agreement, this License Agreement is personal, being entered into in reliance upon and in consideration of the singular personal skill and qualifications of Licensee, and the trust and confidentiality reposed in Licensee by Licensor. Therefore, neither Licensee's interest in this Agreement nor any of Licensee’s rights or privileges under this Agreement, may be assigned, sold, transferred, shared, redeemed, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without the prior written consent of Licensor. Any actual or attempted assignment, transfer or sale of this Agreement, or any interest in this Agreement, or of the franchised business, made or accomplished in violation of the terms of this Article will be null and void and will constitute an incurable breach of this Agreement by Licensee, and, if this occurs, this Agreement will automatically terminate without further notice.

8. INJUNCTION

8.01 Injunction

Licensee acknowledges that the unauthorized use, modification, transfer or disclosure of the Software or copies thereof will (i) substantially diminish the value to Licensor of the trade secrets and other proprietary interests that are the subject of this Agreement; (ii) render Licensor's remedy at law for such unauthorized use, disclosure or transfer inadequate; and (iii) cause irreparable injury in a short period of time. If Licensee breaches any of its obligations with respect to the use or confidentiality of the Software or if Licensee attempts to use, copy, modify, license, or convey the items supplied by Licensor under this Agreement, in a manner contrary to the terms of this Agreement, in competition with Licensor or in derogation of Licensor's proprietary rights (whether these rights are explicitly stated in this Agreement, determined by law or otherwise), then Licensor shall be entitled to equitable relief to protect its interests therein, including, but not limited to, preliminary and permanent injunctive relief, without having to post bond or other security.

9. DEFAULT AND TERMINATION

9.01 Termination

If the Franchise Agreement is terminated by either party for any reason or expires, then upon the effective date of the termination or expiration of the Franchise Agreement, this Agreement will automatically terminate without notice to Licensee.

Licensor reserves the right to immediately terminate this License Agreement, at Licensor's sole and exclusive option, if Licensee breached any term of this Agreement or of the Franchise Agreement. This termination will be without prejudice to any right or claims Licensor may have and all rights granted under this Agreement will immediately revert to Licensor. If Licensor terminates this Agreement, Licensee agrees to return to Licensor all property of and/or materials supplied by Licensor immediately after the termination.

The termination or expiration of this Agreement or of the Franchise Agreement for any reason whatsoever will not relieve Licensee of its obligations of confidentiality, protection and security under this Agreement, or of the restriction on copying and use as provided in this Agreement, with respect to the Angelina Italian Bakery Software.

Upon termination or expiration of this Agreement or of the Franchise Agreement for any reason, Licensee agrees to immediately return to Licensor the Angelina Italian Bakery Software, including, without limitation, all computer software, disks, tapes and other magnetic storage media (and any future technological substitutions for any of them) in good condition, allowing for normal wear and tear.

9.02 Cross-Default

Any default or breach by Licensee (or any of its affiliates) of any other agreement between Licensor, or its parent or the subsidiary, affiliate or designee of either entity (collectively, Licensor’s “Affiliates”) and Licensee (or any of its affiliates) will be deemed a default under this Agreement, and any default or breach of this Agreement by Licensee (or any of its affiliates) will be deemed a default or breach under any and all other agreements between Licensor (or any of its Affiliates) and Licensee (or any of its affiliates). If the nature of such default under any other agreement would have permitted Licensor to terminate this Agreement if default had occurred under this Agreement, then Licensor (or its Affiliates) will have the right to terminate all the other agreements between Licensor (or its Affiliates) and Licensee (or any of its affiliates) in the same manner provided for in this Agreement for termination of this Agreement.

10. BINDING EFFECT

10.01 Binding Effect

Licensee agrees that this Agreement binds the named Licensee and each of its employees, agents, representatives and persons associated with it. This Agreement further binds each affiliated and subsidiary firm, corporation, or other organization and any person, firm, corporation or other organization with which the Licensee may enter a joint venture or other cooperative enterprise.

11. SECURITY INTEREST

11.01 Security Interest

Licensee hereby gives to Licensor a security interest in and to the Angelina Italian Bakery Software and other materials furnished under this Agreement as security for Licensee's performance of all its obligations under this Agreement, together with the right, without liability, to repossess the Angelina Italian Bakery Software and other materials licensed under this Agreement, with or without notice, in the event of default in any of Licensee's obligations under this Agreement.

12. WAIVER OR DELAY; INTEGRATION; AMENDMENT

12.01 Waiver or Delay

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement shall be construed as a waiver by such party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement; and, without limitation upon any of the foregoing, the acceptance of any payment specified to be paid by Licensee under this Agreement shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

12.02 Integration

This Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements; provided, however, that, and that this Agreement is not to limit any rights that Licensor may have under trade secret, copyright, patent, or other laws that may be available to it. Licensee acknowledges that that the Agreement does not include any other prior or contemporaneous promises, representations, or descriptions regarding the Software, or that if any such promises, representations, or descriptions were made, Licensee is not relying on them. Notwithstanding the foregoing however, nothing in this Section is intended to disclaim the representations Licensor made in the Franchise Disclosure Document that it provided to Licensee.

12.03 Amendment

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties hereto.

13. DISCLAIMER

13.01 DISCLAIMER

LICENSOR WARRANTS AND REPRESENTS THAT IT HAS THE AUTHORITY TO EXTEND THE RIGHTS GRANTED TO LICENSEE IN THIS AGREEMENT. THIS EXPRESS WARRANTY IS EXCLUSIVE AND IN LIEU OF, AND LICENSOR HEREBY DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE (WHETHER OR NOT LICENSOR KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE); WARRANTIES OF QUALITY OR PRODUCTIVENESS, CAPACITY, ACCURACY OR SYSTEM INTEGRATION; IMPLIED WARRANTIES AGAINST INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; AND, WARRANTIES AGAINST INTERFERENCE WITH LICENSEE'S ENJOYMENT OF THE LICENSED

INFORMATION OR LICENSED INFORMATIONAL RIGHTS. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT THE LICENSED SOFTWARE AND OTHER INFORMATION MADE AVAILABLE HEREUNDER BY LICENSOR ARE MADE AVAILABLE ON AN "AS-IS" BASIS AND THAT THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY AND EFFORT IS WITH LICENSEE. LICENSOR WILL NOT BE LIABLE (WHETHER IN CONTRACT, WARRANTY, TORT, OR OTHERWISE) TO LICENSEE, THIRD PARTIES, OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER LICENSEE, FOR ANY DAMAGES OR EXPENSES, INCLUDING BUT NOT LIMITED TO, ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, LOST DATA, DOWNTIME COSTS, LOST PROFITS AND/OR LOST BUSINESS, ARISING OUT OF OR IN CONNECTION WITH ANY USE, OR INABILITY TO USE, ANY OF THE LICENSED SOFTWARE, MATERIALS OR INFORMATION FURNISHED, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF GOODWILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, BUSINESS INTERRUPTION OR ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSSES, WHETHER CAUSED BY DEFECT, NEGLIGENCE, BREACH OF WARRANTY, DELAY IN DELIVERY OR OTHERWISE, REGARDLESS OF THE THEORY OF LIABILITY (WHETHER TORT, CONTRACT, STRICT LIABILITY, OR OTHERWISE), EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EXPENSES. FURTHER, NO OBLIGATION OR LIABILITY WILL ARISE OR FLOW OUT OF LICENSOR'S RENDERING OF TECHNICAL OR OTHER ADVICE IN CONNECTION WITH THE SOFTWARE OR ANY EQUIPMENT USED WITH THE SOFTWARE. LICENSOR DOES NOT REPRESENT OR WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE OR MEET ANY SPECIFIC REQUIREMENTS, THAT THE SOFTWARE WILL BE FREE OF VIRUSES, WORMS, OTHER HARMFUL COMPONENTS OR OTHER PROGRAM LIMITATIONS OR THAT ANY DEFECTS OR ERRORS IN THE SOFTWARE WILL BE CORRECTED. THIS DISCLAIMER OF WARRANTY CONSTITUTES AN ESSENTIAL PART OF THIS AGREEMENT. NO AGENT OF LICENSOR IS AUTHORIZED TO ALTER OR EXCEED THE WARRANTY OBLIGATIONS OF LICENSOR AS SET FORTH HEREIN. NO USE OF THE PRODUCT IS AUTHORIZED HEREUNDER EXCEPT UNDER THIS DISCLAIMER; PROVIDED, HOWEVER, THAT SOME STATES OR JURISDICTIONS DO NOT ALLOW EXCLUSIONS OF AN IMPLIED WARRANTY AND SOME STATES OR JURISDICTIONS DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THAT THIS DISCLAIMER MAY NOT APPLY TO LICENSEE. TO THE EXTENT THAT LICENSOR MAY NOT, AS A MATTER OF APPLICABLE LAW, DISCLAIM ANY WARRANTY, THE SCOPE AND DURATION OF SUCH WARRANTY SHALL BE THE MINIMUM PERMITTED UNDER APPLICABLE LAW.

14. LIMITATION OF LIABILITY

14.01 LIMITATION OF LIABILITY

LICENSOR'S LIABILITY FOR DAMAGES UNDER THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION AND REGARDLESS OF THE LEGAL THEORY, WILL NOT EXCEED THE COST OF REPLACEMENT OF THE SOFTWARE LICENSED UNDER THIS AGREEMENT. THIS WILL BE LICENSEE'S SOLE AND EXCLUSIVE REMEDY. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF ANY PARTY'S OBLIGATIONS UNDER THIS AGREEMENT MAY BE BROUGHT BY EITHER PARTY MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED, EXCEPT THAT AN ACTION FOR NONPAYMENT MAY BE BROUGHT WITHIN ONE YEAR OF THE DATE OF LAST PAYMENT.

15. SEVERABILITY

15.01 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

16. GOVERNING LAW; VENUE

16.01 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether such dispute sounds in law, equity or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If Licensor moves its principal headquarters to another state, Licensor reserves the right to designate that state's law as governing, again without recourse to that successor state's (or any other) choice of law or conflicts of law principles, upon written notice to Licensee. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the franchised business is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section intended to invoke, and shall not be deemed to invoke, the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, unfair or deceptive trade practice, fiduciary or any other doctrine of law of the State of New York or any other state, or any successor state we designate (as provided above), which would not otherwise apply by its terms jurisdictionally or otherwise but for the within designation of governing law or which, by virtue of its denominated geographic or subject matter scope, would not by its terms otherwise apply.

16.02 Venue

Any action or proceeding brought by Licensor or Licensee (and/or any of Licensor's or Licensee's respective affiliates, and their respective owners, members, officers, directors or managers) against any such other party, whether sounding in law or equity, will be instituted, litigated through conclusion and, if necessary, appealed through final, irrevocable judgment exclusively in a state or federal district court of competent jurisdiction situated in New York, New York. Any such action or proceeding shall be brought in federal court if federal court jurisdiction exists and, if it does not exist, then in state court. Licensee (and Licensee's affiliates, and the owners, members, officers, directors or managers of each of the foregoing) hereby irrevocably submit themselves to the jurisdiction of any such court and waive all questions of personal jurisdiction for the purpose of carrying out this provision. Licensee (and each of Licensee's affiliates, and the owners, members, officers, directors or managers of each of the foregoing) agrees that any dispute as to the venue for litigation will be submitted to and resolved exclusively by such aforementioned court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, Bonchon's Software or any part of the Software, Licensor may bring such an action in any state or federal district court which has jurisdiction. Licensee, on behalf of Licensee and Licensee's affiliates, and the owners, members, officers, directors or managers of each of the foregoing, hereby waive and covenant never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of "forum non conveniens"). The parties agree that this Section **Error! Reference source not found.** shall not be construed as preventing either party from removing an action or proceeding from state to federal court.

17. COSTS OF ENFORCEMENT; ATTORNEYS' FEES

17.01 Costs of Enforcement

Licensor will be entitled to recover from Licensee reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, if Licensor prevails in any action instituted against Licensee in order to secure or protect those rights inuring to Licensor under this Agreement, or to enforce the terms of this Agreement.

17.02 Attorneys' Fees

If Licensor becomes a party to any litigation or other proceeding concerning this Agreement by reason of any act or omission of Licensee or Licensee’s authorized representatives and not by any act or omission of Licensor or any act or omission of Licensor’s authorized representatives, or if Licensor becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding, Licensee will be liable to Licensor for reasonable attorneys' fees, experts' fees and court costs incurred by Licensor in the litigation or other proceeding regardless of whether the litigation or other proceeding or action proceeds to judgment. In addition, Licensor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency proceedings filed by Licensee.

18. SUBMISSION OF AGREEMENT

18.01 Submission of Agreement

The submission of this Agreement does not constitute an offer. This Agreement will become effective only upon execution of this Agreement by both Licensor and Licensee. Licensor’s date of execution will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON LICENSOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF LICENSOR. HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF.

[Signature page follows.]

Dated: ____________________

Attest:

____
Witness/Date

LICENSEE:

If a corporation or other entity:

____
(Name of Corporation or Other Entity)

By:____

Name: ____

Title:____

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: _________________

Attest:

____
Witness/Date

LICENSOR:

ANGELINA FRANCHISING LLC

By: ____
Name: ______________________________________
Title: ____

MARYLAND ADDENDUM TO SOFTWARE LICENSE AGREEMENT

The following provisions will supersede anything to the contrary in the Software License Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

Section 16.02 of the Software License Agreement ("Venue") requires venue to be limited to New York. This section is amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Dated: ____________________

LICENSEE:

If an entity:

____
(Name of Entity)

By:____

Its____
(Title)

____
(Print Name)

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

Dated: __________________

ANGELINA FRANCHIS LLC

By:____

Name: ____

Title:____

ATTACHMENT F

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER AUTHORIZATION
TO HONOR CHARGES DRAWN BY AND PAYABLE TO

PAYEE: ANGELINA FRANCHISING LLC

BANK NAME	ACCOUNT #	ABA#	FEIN
________________	_________________	________________	________________

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 which 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:

(a) 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.

(b) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(c) To defend at Depositor's own cost and expense any action which 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 <u>one voided check</u> for the above account.)

Store Location: ____

Store #: ______________________________

For information call: ______________________________

Address: ______________________________

Phone #: ______________________________

Fax #: ______________________________

____
Name of Franchisee/Depositor (please print)

By: ______________________________
Signature and Title of Authorized Representative

Date: ______________________________

ATTACHMENT G

REQUIRED LEASE RIDER

RIDER ANNEXED TO AND FORMING PART OF AGREEMENT OF LEASE (THE "LEASE") DATED AS OF _______________, 20___ BY AND BETWEEN ____________ ("LANDLORD") AND _________________ ("TENANT" or "FRANCHISEE")

1. Reference is made to the Franchise Agreement (the "Franchise Agreement"), dated _______, 20__, between Tenant and Angelina Franchising LLC ("Franchisor"), pursuant to which Tenant is a franchisee of Franchisor. After (a) the expiration of the Franchise Agreement (so long as Franchisor provides the Landlord with no less than 60 days advance written notice thereof), or (b) the sooner termination of the Franchise Agreement for any reason (so long as Franchisor either provides the Landlord with (x) a copy of Franchisor's notice of termination to Franchisee or (y) an agreement regarding the date of termination), Franchisor will have the right (but not the obligation) to cure any defaults within a reasonable period of time and at Franchisor's election, either to assume the obligations of and replace Tenant as the lessee under the Lease, or to have another franchisee, licensee, joint venture partner or other designee of Franchisor's assume the obligations of and replace Tenant as the lessee under the Lease. If Franchisor assumes the obligations of and replaces Tenant as the lessee under the Lease and then subsequently reassigns the Lease to another franchisee, licensee, joint venture partner or other designee of Franchisor, upon any such reassignment, Franchisor shall be released from all prospective obligations of the lessee.

2. Simultaneous with giving notice to Tenant of any default, the Landlord will furnish to Franchisor written notice specifying such default and the method of curing the default; allow Franchisor 30 days after receipt of the notice to cure the defaults (except that (i) if the default is the non-payment of rent, Franchisor will have only fifteen days from receipt of notice to cure the default, and (ii) if the default is of such a nature that it cannot, with the exercise of reasonable diligence, be cured within 30 days, the time for cure shall be extended to be the same as that set forth in the Lease); and, allow Franchisor to exercise Franchisor's option for Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor to succeed to Tenant's interest in the Lease under the same conditions as set forth in par. '1', above.

3. The Landlord will accept Franchisor or another franchisee designated by Franchisor as a substitute tenant under the Lease upon notice from Franchisor that Franchisor is exercising Franchisor's option for Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor to succeed to Tenant's interest in the Lease and/or to reassign the Lease to another franchisee following Franchisor's assumption of obligations under the Lease, under the same conditions as set forth in par.'1', above.

4. The provisions in Paragraphs '1', '2', and '3', above, are rights but not obligations for Franchisor to assume Tenant's rights and responsibilities under the Lease.

5. The Landlord acknowledges that Tenant alone is responsible for all debts, payments and performances under the Lease before Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor takes actual possession of the premises.

6. The Lease may not be modified or amended without Franchisor's advance written consent, which Franchisor may not unreasonably withhold. The Landlord will provide Franchisor with copies of all proposed modifications or amendments at least 30 days prior to their execution and true and correct copies of the executed modifications and amendments.

7. The Landlord agrees to furnish Franchisor with copies of all letters and notices sent to Tenant pertaining to the Lease and the premises, at the same time and in the same manner that these letters and notices are sent to Tenant.

8. If any provision of this Rider conflicts with or is inconsistent with any provision of the Lease, the terms of this Rider shall govern and prevail. Except as expressly provided in this Rider, all of the terms and provisions of the Lease are and will remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have each executed this Rider to Lease as of the date first written above.

LANDLORD:

____

By: ________________________
Name:
Title:

TENANT:

____

By: ________________________
Name:
Title:

ATTACHMENT H

GENERAL RELEASE – TERMINATION

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That ______________________ [a corporation organized under the laws of the State of __________][an individual domiciled in the State of ______________] as RELEASOR, in consideration of ANGELINA FRANCHISING LLC's furnishing of certain confidential information in connection with the Franchise Agreement between RELEASOR and ANGELINA FRANCHISING LLC (the "Franchise Agreement"), but such Franchise Agreement terminating in accordance with its terms and provisions, and other good and valuable consideration, hereby releases and discharges ANGELINA FRANCHISING LLC as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates; and, the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing (in their corporate and individual capacities), along with RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE arising out of or related to the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that nothing contained in this release is intended to disclaim or require RELEASOR to waive reliance on any representation that RELEASEE made in the Franchise Disclosure Document that RELEASEE provided to RELEASOR; and provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7, the Maryland Franchise Registration and Disclosure Law and the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) has *caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on* _____________, _____.

RELEASOR

[SEAL]

By______________________________

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF ________________________

ss.:

COUNTY OF ______________________

On _________________,_____ before me ____,
(Name of Notary)
personally came ___________________________, to me known, who, by me duly sworn, did depose and day that deponent resides at ____, that deponent is the ___________ of ______________, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _________________________________

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF ________________________

ss.:

COUNTY OF ______________________

On this __ day of ___________, _______, before me ________________________, the undersigned
(Name of Notary)
officer, personally appeared _________________, to me personally known, and known to me to be the same person whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _________________________________

(NOTARIAL SEAL)

ATTACHMENT I

GENERAL RELEASE – SUCCESSOR TERM

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That ______________________ [a corporation organized under the laws of the State of __________][an individual domiciled in the State of ______________] as RELEASOR, in consideration of the execution by ANGELINA FRANCHISING LLC of a Successor Franchise Agreement regarding the franchise between RELEASOR and ANGELINA FRANCHISING LLC (the "Franchise Agreement"), and other good and valuable consideration, hereby releases and discharges ANGELINA FRANCHISING LLC as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates; and, the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing (in their corporate and individual capacities), along with RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE arising out of or related to the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that nothing contained in this release is intended to disclaim or require RELEASOR to waive reliance on any representation that RELEASEE made in the Franchise Disclosure Document that RELEASEE provided to RELEASOR; and provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 , the Maryland Franchise Registration and Disclosure Law and the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) has *caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on* _____________, _____.

RELEASOR

[SEAL]

By______________________________

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF _______________________

ss.:

COUNTY OF _____________________

On _________________,_____ before me ____,
(Name of Notary)
personally came ___________________, to me known, who, by me duly sworn, did depose and day that deponent resides at ____, that deponent is the ___________ of _________________, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _________________________________

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF _______________________

ss.:

COUNTY OF _____________________

On this __ day of __________, _______, before me ____________________, the undersigned
(Name of Notary)
officer, personally appeared ________________, to me personally known, and known to me to be the same person whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _________________________________

(NOTARIAL SEAL)

ATTACHMENT J

GENERAL RELEASE - ASSIGNMENT

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That ______________________ [a corporation organized under the laws of the State of __________][an individual domiciled in the State of ______________] as RELEASOR, in consideration of the consent of ANGELINA FRANCHISING LLC to the Assignment of the Franchise Agreement between RELEASOR and ANGELINA FRANCHISING LLC (the "Franchise Agreement") to _______________________, and other good and valuable consideration, hereby releases and discharges ANGELINA FRANCHISING LLC as RELEASEE, RELEASEE'S corporate parents, subsidiaries or affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that nothing contained in this release is intended to disclaim or require RELEASOR to waive reliance on any representation that RELEASEE made in the Franchise Disclosure Document that RELEASEE provided to RELEASOR; provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 , the Maryland Franchise Registration and Disclosure Law and the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) has *caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on* _____________, _____.

RELEASOR

[SEAL]

By______________________________

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF ______________________

ss.:

COUNTY OF ____________________

On _________________,_____ before me ____,
(Name of Notary)
personally came ___________________, to me known, who, by me duly sworn, did depose and day that deponent resides at ____, that deponent is the ___________ of _________________, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _______________________________

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF ______________________

ss.:

COUNTY OF ____________________

On this __ day of __________, _______, before me ____________________, the undersigned
(Name of Notary)
officer, personally appeared ________________, to me personally known, and known to me to be the same person whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: _______________________________

(NOTARIAL SEAL)

EXHIBIT K

TRAINEE WAIVER, ASSUMPTION OF RISK AND INDEMNIFICATION AGREEMENT

TRAINEE WAIVER, ASSUMPTION OF RISK AND INDEMNIFICATION AGREEMENT

Activity: Angelina Italian Bakery Franchise Training

Activity Date(s) and Time(s): ____________________________________

Activity Location(s): ____

In consideration for being allowed to participate in the activity described hereinabove (this "Activity"), on behalf of Franchisee,____________________________________, I agree to indemnify, defend and hold harmless Angelina Franchising LLC, and its employees, officers, directors, agents and independent contractors the "Angelina Italian Bakery Team") from any and all claims, suits, damages, liabilities, including attorneys' fees, costs, court costs, expenses and disbursements related to death, bodily injury or property damage (including loss of use thereof) brought against any of the Angelina Italian Bakery Team by any person or entity, arising or alleged to be arising out of or in connection with or as a result or consequence of the Activity, resulting in any physical or psychological injuries and damages including, but not limited to, death, illness, food related allergies, disability or emotional distress I may sustain during the participation of Activity, including travel to, from and sooner thereafter.

I am voluntarily participating in this Activity. I am aware of the risks associated with traveling to and/or from and participating in this Activity, which include but are not limited to physical or psychological injury, pain, suffering, illness, disfigurement, temporary or permanent disability (including, without limitation, paralysis), economic or emotional distress ~~loss~~, and/or death. I understand that these injuries or outcomes may arise from my own or other's actions, inaction, or negligence; conditions related to travel; or the condition of the Activity location(s). Nonetheless, I assume all related risks, both known or unknown to me, of my participation in this Activity, including travel to, from and during the Activity.

I agree to hold indemnify, defend and hold harmless Angelina Italian Bakery Team from any and all claims, suits, damages, liabilities, including attorneys' fees, costs, court costs, expenses and disbursements related to death, bodily injury or property damage (including loss of use thereof) brought against any of the Angelina Italian Bakery Team by any person or entity, arising or alleged to be arising out of or in connection with or as a result or consequence of the Activity. Attorneys' fees, court costs, expenses and disbursements shall be defined without limit to include those fees, costs, etc. incurred in defending the underlying claim and those fees, costs, etc. incurred in connection with the enforcement of this Indemnification Agreement. If I need medical treatment, I agree to be financially responsible for any costs incurred as a result of such treatment. I explicitly agree herein that I shall carry my own health insurance.

I am 18 years or older. I understand the legal consequences of signing this document, including (without limitation) (a) Indemnification Agreement, (b) promising not to sue the Angelina Italian Bakery Team, and (c) assuming all risks of participating in this Activity, including travel to, from and during the Activity.

I understand that this document is written to be as broad and inclusive as legally permitted by the laws of the State of New York. I agree that if any portion is held invalid or unenforceable, I will continue to be bound by the remaining terms.

I have read this document, and I am signing it freely and voluntarily.

Participant Signature: ____

Participant Name (print): ____ Date:______________

If Participant is under 18 years of age:

I am the parent or legal guardian of the Participant. As such I have executed this Indemnification Agreement on behalf of the minor Participant,________________________________, as a legal guardian or natural parent. I understand the legal consequences of signing this Indemnification Agreement including (a) Indemnification Agreement (b) promising not to sue on my and the Participant's behalf, and (c) assuming all risks of the Participant's participation in this Activity, including travel to, from and during the Activity. I allow Participant to participate Activity. I understand that I am responsible for the obligations and acts of Participant as described in this document. I agree to be bound by the terms of this document.

I have read this two-page document, and I am signing it freely and voluntarily.

____
Signature of Minor Participant's Parent/Guardian

____ __________________________
Name of Minor Participant's Parent/Guardian (print) Date

____
Minor Participant's Name

ATTACHMENT L

ANGELINA ITALIAN BAKERY MARKS

The Marks as defined in the Recitals of the Franchise Agreement will consist of:

1. “Angelina Italian Bakery”;

2.

3.

4.

5.

6. and such other and further Marks (as defined in the Recitals of the Franchise Agreement) that Franchisor may from time to time license to Franchisee in conjunction with and addition to the Marks listed above. Any such other and further Proprietary Marks will be deemed a part of this Attachment M.

EXHIBIT B

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITEDTHESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

2:15 PM
04/20/23
Accrual Basis

Angelina Franchising LLC_QB
Balance Sheet
As of February 28, 2023

	Feb 28, 23
ASSETS	
Current Assets	
Checking/Savings	
Chase 7005	38.61
Total Checking/Savings	38.61
Total Current Assets	38.61
Other Assets	
Due from Licensor (TM)	27,795.92
Total Other Assets	27,795.92
TOTAL ASSETS	**27,834.53**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Loans from Member	200.00
Total Other Current Liabilities	200.00
Total Current Liabilities	200.00
Total Liabilities	200.00
Equity	
Net Income	-190.00
Members Equity	27,824.53
Total Equity	27,634.53
TOTAL LIABILITIES & EQUITY	**27,834.53**

Angelina Franchising LLC_QB
Profit & Loss
January through February 2023

	Jan - Feb 23
Ordinary Income/Expense	
Expense	
Bank Service Charges	190.00
Total Expense	190.00
Net Ordinary Income	-190.00
Net Income	**-190.00**

ANGELINA FRANCHISING LLC
(A Limited Liability Company)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022 AND
PERIOD FROM MARCH 5, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

ANGELINA FRANCHISING LLC
(A Limited Liability Company)
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM MARCH 5, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

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Citrin Cooperman & Company, LLP
Certified Public Accountants

50 Rockefeller Plaza
New York, NY 10020
T 212.697.1000 **F** 212.697.1004
citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Member
Angelina Franchising LLC

Opinion

We have audited the accompanying financial statements of Angelina Franchising LLC (a limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and member's equity and cash flows for the year ended December 31, 2022, and for the period from March 5, 2021 (inception) through December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Angelina Franchising LLC as of December 31, 2022 and 2021, and the results of its operations and cash flows for the year ended December 31, 2022, and for the period from March 5, 2021 (inception) through December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Angelina Franchising LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Angelina Franchising LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Angelina Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Angelina Franchising LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
April 19, 2023

ANGELINA FRANCHISING LLC
(A Limited Liability Company)
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash	$ 29	$ 130,128
Due from Licensor	27,796	-
TOTAL ASSETS	$ 27,825	$ 130,128
LIABILITIES AND MEMBER'S EQUITY		
Current liability:		
Accounts payable	$ 7,434	$ 3,500
Commitments and contingencies (Notes 4 and 5)		
Member's equity	20,391	126,628
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 27,825	$ 130,128

See accompanying notes to financial statements.

ANGELINA FRANCHISING LLC
(A Limited Liability Company)
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM MARCH 5, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	2022	2021
Revenues	$ -	$ -
Selling, general and administrative expenses	32,310	38,372
Net loss	(32,310)	(38,372)
Member's equity - beginning	126,628	-
Member contributions	302,156	165,000
Member distributions	(376,083)	-
MEMBER'S EQUITY - ENDING	$ 20,391	$ 126,628

See accompanying notes to financial statements.

ANGELINA FRANCHISING LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM MARCH 5, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	2022	2021
Cash flows from operating activities:		
Net loss	$ (32,310)	$ (38,372)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating liabilities:		
Due from Licensor	(27,796)	-
Accounts payable	3,934	3,500
Net cash used in operating activities	(56,172)	(34,872)
Cash flows from financing activities:		
Member contributions	302,156	165,000
Member distributions	(376,083)	-
Net cash provided by (used in) financing activities	(73,927)	165,000
Net increase (decrease) in cash	(130,099)	130,128
Cash - beginning	130,128	-
CASH - ENDING	$ 29	$ 130,128

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Angelina Franchising LLC (the "Company") was formed on March 5, 2021, as a New York limited liability company to sell franchises pursuant to a license agreement dated March 26, 2021, between the Company and Angelina TM Holding LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate "Angelina Italian Bakery" stores, which are fast casual bakeries specializing in Italian pastries and baked goods.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates
The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Variable interest entities
In accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities ("ASU 2018-17"),* FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the entity disclosed in Note 5, meets the conditions under ASU 2018-17 and, accordingly, is not required to include the accounts of the related party in the Company's financial statements.

Income taxes
As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the member. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2022 and 2021.

Revenues and cost recognition

The Company expects that it will derive substantially all its revenue from franchise agreements related to franchise fee revenue, royalty revenue, transfer fees, and marketing fund revenue. No such franchise agreements have been executed as of the date these financial statements were available to be issued.

Contract consideration from franchisees is expected to consist primarily of initial or renewal franchise fees, sales-based royalties, sales-based marketing fund fees, technology fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The initial franchise fees are nonrefundable and collectible when the underlying franchise agreement is signed by the franchisee. Sales-based royalties are payable weekly, sales-based marketing fund fees and technology fees are payable monthly. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit. Those services include training and other such activities commonly referred to collectively as "pre-opening activities." The Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct, as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and will therefore be accounted for as a separate performance obligation. All other pre-opening activities are expected to be highly interrelated to the use of the Company's intellectual property and will therefore be accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)
The Company will estimate the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities that are not brand specific will be recognized when those performance obligations are satisfied.
Initial and renewal franchise fees allocated to the right to access the Company's intellectual property will be recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties will be earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property will be recognized as franchisee sales occur and the royalty is deemed collectible.

Marketing fund
The Company may maintain a marketing fund which will be established to collect and administer funds contributed for use in marketing programs for franchise units. Marketing fund income will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the marketing fund and therefore will recognize the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the marketing fund will represent sales-based royalties related to the right to access the Company's intellectual property, which will be recognized as franchisee sales occur. When marketing fund fees exceed the related marketing fund expenses in a reporting period, advertising costs will be accrued up to the amount of marketing fund revenues recognized.

Other revenues
The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Incremental costs of obtaining a contract
The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortize them over the term of the franchise agreement.

Advertising
Advertising costs are expensed as incurred. There were no advertising costs incurred for the year ended December 31, 2022, and for the period from March 5, 2021 (inception) through December 31, 2021.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events,* the Company has evaluated subsequent events through April 19, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Note 5, there were no material subsequent events that required recognition or disclosure in the financial statements.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Company may place its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy limits the Company's exposure to credit risk.

NOTE 4. MARKETING FUND CONTRIBUTION

The Company reserves the right to establish a marketing fund contribution for the Company. Franchisees would be required to contribute up to 2% of their monthly gross sales to be placed into the marketing fund contribution in accordance with the signed franchise agreement. Marketing funds collected are to be expended for the benefit of the franchisees and for administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2022, the Company has not yet established a marketing fund contribution.

NOTE 5. RELATED-PARTY TRANSACTIONS

License agreement

On March 26, 2021, the Company entered into a 20-year non-exclusive license agreement with the Licensor for the use of the registered name "Angelina Italian Bakery" (the "license agreement"), which will be renewed automatically for additional consecutive terms of 20 years after the initial 20-year term unless the parties mutually agree otherwise. Pursuant to the license agreement, the Company acquired the right to sell and operate Angelina Italian Bakery franchises in the United States of America, and the right to collect franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company will be required to pay the Licensor a license fee based on the Company's net revenue, as defined. The Company was not charged a license fee for the year ended December 31, 2022, and for the period from March 5, 2021 (inception) through December 31, 2021.

Due from Licensor

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Licensor. No interest is charged on these advances. Advances to and from the Licensor are unsecured. Management has made an arrangement with the Licensor to settle the balance owed within the next 12 months of the balance sheet date. At December 31, 2022, the balance due from the Licensor amounted to $27,796. There were no amounts due from the Licensor at December 31, 2021. Subsequent to year end, the Company collected the full amount due from the Licensor.

EXHIBIT C

STATE FRANCHISE ADMINISTRATORS

STATE FRANCHISE ADMINISTRATORS

CALIFORNIA
California Commissioner of the
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS
Chief – Franchise Bureau
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA
Franchise Section
Indiana Securities Commission
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Williams Building
525 W. Ottawa Street
Lansing, Michigan 48913

MINNESOTA
Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl.
New York, New York 10005
212-416-8236

NORTH DAKOTA
North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

RHODE ISLAND
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804-371-9051)

WASHINGTON
Securities Division
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501

WISCONSIN
Securities and Franchise Registration
Wisconsin Securities Commission
201 W. Washington Avenue – Third Fl.
Madison, Wisconsin 53703

EXHIBIT D

AGENTS FOR SERVICE OF PROCESS

EXHIBIT D
AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, Angelina Franchising LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Angelina Franchising LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed below.

CALIFORNIA

California Commissioner of the
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs,
Business Registration Division,
Securities Compliance Branch
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
6586 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEW YORK

Secretary of State of the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner, State of North Dakota
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804-371-9733)

WASHINGTON

Director of Financial Institutions
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
201 W. Washington Avenue – Third Fl.
Madison, Wisconsin 53703

EXHIBIT E

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The State of California has codified regulations specific to the food service industry which may be applicable to you. You may refer to California Plan Check Guide for Retail Food Facilities at http://www.ccdeh.com/resources/documents/food-safety-guidelines-1/152-california-plan-check-guide-for-retail-food-facilities-2/file. For further requirements, please see the California Retail Food Code at http://www.cdph.ca.gov/services/Documents/fdbRFC.pdf.

ITEM 6 OTHER FEES

1. The highest interest rate permitted under California law is 10%.

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

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

2. 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).

3. The Franchise Agreement contains a provision requiring application of the laws of New York. This provision may not be enforceable under California law.

4. The Franchise Agreement requires venue to be limited to New York. This provision may not be enforceable under California law.

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code

Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

8. 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.

9. California Corporations Code, Section 31119, states that it is unlawful to sell any franchise in California that is subject to registration under this law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the offering circular, together with a copy of all proposed agreements relating to the sale of the franchise.

10. Neither the franchisor nor any person or franchise broker disclosed 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. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

11. 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.

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

A. This proposed registration is exempt from the registration requirements of the states of Connecticut, Florida, Iowa, Kentucky, Maine, Nebraska, North Carolina, Ohio, Oklahoma, South Carolina, Texas and Utah.

B. This proposed registration is or will be shortly on file in the states of States of California, Hawaii, Maryland, New York and Virginia.

C. No states have refused, by order or otherwise, to register these franchises.

D. No states have revoked or suspended the right to offer these franchises.

E. The proposed registration of these franchises has not been withdrawn in any state.

F. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Hawaii.

G. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

ITEM 12 TERRITORY

The following sentence is added at the end of the paragraph in Item 12 concerning our reservation of territorial rights which begins "Under the terms of the Franchise Agreement, you waive and release any claims, demands or damages arising from or related to any of the activities described above":

> "These waivers and releases are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. These waivers and releases will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law."

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. 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. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.

3. The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

THE FRANCHISOR REPRESENTS THAT THE PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

ITEM 2. BUSINESS EXPERIENCE

Item 2 of the Disclosure Document lists the directors, principal officers and other executives who will have management responsibility in connection with the operation of the Franchisor's business relating to the franchises offered by this disclosure document, with a statement for each regarding his principal occupations over the past five years.

ITEM 3. LITIGATION

Neither the Franchisor, its affiliates nor any person named in Item 2 above has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither the Franchisor, its affiliates nor any person named in Item 2 above has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding, if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Except as disclosed in Item 3 of the FDD, neither the Franchisor, its affiliates, nor any person named in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to franchises in general or the franchise offered or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

ITEM 4. BANKRUPTCY

Neither the Franchisor nor any predecessor, affiliate, officer or general partner of the Franchisor has, during the ten year period immediately preceding the date of this disclosure document, (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 the officer or general partner of the Franchisor held this position in the company or partnership.

ITEM 5. INITIAL FEES

We use the proceeds from Initial Franchise Fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and improving our services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative expenses.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. You may utilize whatever legal rights you may possess to suspend or discontinue operations due to a breach by the Franchisor and you may terminate the Agreement on any grounds available by law.

2. Sections 3(B), 4(B), 6(B) and 14(C) of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

   "Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its 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 GBL, Section 687.4 and 687.5 be satisfied."

3. The requirements of Section 10(I) and Section 19(I) of the Franchise Agreement that you consent to the entry of an injunction are modified in the State of New York to provide only that you consent to the seeking of such an injunction.

4. The following sentence is added at the end of the section entitled "Modification" in Item 17 of the Disclosure Document:

   "However, any new or different requirement set forth will not unreasonably increase your obligations or place an excessive economic burden on your operations."

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

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 do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

OTHER

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT F

STATE EFFECTIVE DATES PAGE

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Not Effective
Indiana	Not Effective
Maryland	Pending
Michigan	Not Effective
Minnesota	Not Effective
New York	Pending
North Dakota	Not Effective
Rhode Island	Not Effective
South Dakota	Not Effective
Virginia	Pending
Washington	Not Effective
Wisconsin	Not Effective

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT G
RECEIPTS

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 Angelina Franchising LLC 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, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Angelina Franchising LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit C.

The franchisor is Angelina Franchising LLC, located at 42 West 28th Street, 5th Floor, New York, New York 10001. Its telephone number (212) 687-7100.

Issuance date: April 20, 2023.

The franchise seller for this offering is Tony Park, Jefferson Cho ____________________ c/o Angelina Franchising LLC, 42 West 28th Street, 5th Floor, New York, New York 10001, (212) 687-7100.

Angelina Franchising LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document dated April 20, 2023, that included the following Exhibits:

EXHIBIT A FRANCHISE AGREEMENT AND RELATED MATERIALS

EXHIBIT B FINANCIAL STATEMENTS

EXHIBIT C STATE ADMINISTRATORS

EXHIBIT D AGENTS FOR SERVICE OF PROCESS

EXHIBIT E STATE ADDENDA TO DISCLOSURE DOCUMENT

EXHIBIT F STATE EFFECTIVE DATES PAGE

EXHIBIT G RECEIPTS

Dated: ____________________________ PROSPECTIVE FRANCHISEE:

If a corporation or other business entity:

____
(Name of Entity)

By:___________________________________

Its___________________________________
(Title)

____
(Print Name)

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

You may return the signed receipt either by signing, dating, and mailing it to Angelina Franchising LLC at 42 West 28th Street, 5th Floor, New York, New York 10001 or by electronically executing, dating and returning it through the electronic signature platform that we require.

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 Angelina Franchising LLC 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, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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EXHIBIT C	STATE ADMINISTRATORS
EXHIBIT D	AGENTS FOR SERVICE OF PROCESS
EXHIBIT E	STATE ADDENDA TO DISCLOSURE DOCUMENT
EXHIBIT F	STATE EFFECTIVE DATES PAGE
EXHIBIT G	RECEIPTS

Dated: ____________________________ PROSPECTIVE FRANCHISEE:

If a corporation or other business entity:	If an individual:
______________________________ (Name of Entity)	______________________________ (Signature)
By:___________________________	______________________________ (Print Name)
Its___________________________ (Title)	______________________________ (Signature)
______________________________ (Print Name)	______________________________ (Print Name)

PLEASE KEEP THIS RECEIPT FOR YOUR RECORDS.