FRANCHISE DISCLOSURE DOCUMENT

FOOD SYSTEMS UNLIMITED, INC.
a Florida corporation
750 Florida Central Parkway, Suite 100
Longwood, Florida 32750
(407) 830-5338
www.foodsystemsunlimited.com
info@foodsystemsunlimited.com

The Franchise offered is for a quick service restaurant under the Food Systems brand, which offers a wide variety of Asian cuisine using the trademarks Asian Chao® Oriental Eatery, Maki of Japan®, Chao Cajun®, or TOBU® Restaurant. Each concept is the same other than the branding and positioning to the consumer as a Chinese, Cajun, Japanese, or Oriental restaurant. The franchisee can choose the name appropriate to its positioning (i.e. either Asian Chao® Oriental Eatery, Maki of Japan®, Chao Cajun®, or TOBU® Restaurant).

The total investment necessary to begin operation of a Food Systems brand franchised business is $1,407,000 - $2,409,400. This includes between $41,400 to $61,900 that must be paid to the franchisor and/or its affiliate, as appropriate.

The total investment necessary to begin operation of a Food Systems brand multi-unit development business ranges from $1,437,000- $2,439,400 for a minimum of three restaurants to be developed. This includes $71,400 to $91,900 that must be paid to the franchisor and/or its affiliate. The development fee is applied pro rata to the franchise fees due.

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 the 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 Biagio Schiano at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750 and (407) 830-5338.

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the

Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: May 15, 2025

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 or Exhibit D.
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 A 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 Food Systems 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 Food Systems franchisee?	Item 20 or Exhibit D 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 H.

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 and multi-unit development agreement require you to resolve disputes with us by mediation and litigation only in Florida. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Florida than in your own state.

2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.

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

Franchisor

Food Systems Unlimited, Inc. (referred to in this Disclosure Document as “We,” “Us,” or “Our” and where the context requires also includes Our affiliates) was incorporated as a Florida corporation on January 14, 1991. Our principal place of business is 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750. Our telephone number is (407) 830-5338, and We do business under Our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “You” or “Your.”

Since 1991, We have operated three restaurant concepts. These are Asian Chao Oriental Eatery, Maki of Japan and Chao Cajun, a Cajun Eatery. Since 2000, We have operated the TOBU and Sushi Fuji restaurant concepts. These restaurants are generally located within enclosed regional shopping malls, airports and other similar facilities with a captive market customer base. The franchise for a quick service restaurant under the Chao Cajun, a Cajun Eatery concept features a wide variety of Cajun dishes, including a large selection of chicken, beef, and seafood dishes along with Creole inspired fare such as red beans and rice, jambalaya, and Cajun gumbo. The franchise for a quick service restaurant under the Maki of Japan Oriental Eatery concept features a wide variety of Japanese dishes, including a large selection of sushi, chicken, beef and seafood tempura, hibachi chicken and beef, and a variety of teriyaki dishes.

With this Disclosure Document, We offer to you a Food Systems Unlimited, Inc. franchise which gives you the right to operate an Asian Chao® Oriental Eatery, Chao Cajun®, Maki of Japan®, or TOBU® restaurant. We began offering franchises for our four restaurant concepts in 2005. We have not offered franchises in any other line of business.

The restaurants offered under this Disclosure Document operate under the Food Systems brand service marks and the additional principal service marks, trademarks, trade names, logos, and emblems identified in Item 13. These principal marks and all other marks which may be designated by Us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks”. We do not own or operate any other restaurants. We do not engage in any other business activity.

The principal business addresses of our agents for service of process is 329 Park Avenue North, 2nd Floor, Winter Park, Florida 32801, and the state agency addresses shown on Exhibit G.

Our Parents, Predecessors and Affiliates

We have no parent or predecessor. We have the following multiple affiliates: Jia Le, LLC, Bai Li, LLC, Bai Ying, LLC, Xiang Shun, LLC, Michelle Chiuppo, Inc., Shing Lee, Inc., Yuk Ming, Inc., Wah Fa, Inc., China Chao, Inc., Livello Finito, Inc., Ambiente Consecutivo, Inc., Indefinito, Inc., Teng Xin, LLC and Ao Shun, Inc., all of which are located at our headquarters at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750. Our affiliates, Via Appia, Inc. and Agaig, LLC, are located at our headquarters at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750. However, their financial statements are not combined with our financial statements. Our affiliates own and manage the Restaurants for all Our restaurant concepts, and are controlled by Our principal and founder, Biagio Schiano. Our affiliates operate under a sublease for the premises that they operate. We will typically find a location in a regional mall and sign the prime lease and then sublet the premises to Our affiliates, if We do not offer the space to a franchisee. Our affiliates do not provide goods or services to Our franchisees, nor have they offered franchises in this or any other lines of business. Our affiliates operate a business of the type to be operated by You. BIGIVI, LLC sold its location to a franchisee in 2017.

Our affiliates currently own and operate a total of 57 restaurants in 15 states. In addition, in the states of Indiana, Kentucky, Ohio, Illinois, and New Jersey, we have two separate license arrangements dated May 26, 1999, and October 26, 1999 with two former employees of Ours for seven Restaurants. The license agreement grants the licensees the right to use Our Marks but does not provide a marketing system or significant assistance from Us. Our intention is to convert the license agreements to Franchise Agreements. We do not offer a conversion option via this Disclosure Document.

Description of Franchise

We offer franchises for the right to establish and operate an Asian Chao® Oriental Eatery, Chao Cajun®, Maki of Japan®, or TOBU® Restaurant to be primarily located in enclosed regional and super-regional shopping malls under the Marks and the System in accordance with the terms of the Franchise Agreement ("Restaurant" or "Franchised Business"). A super-regional shopping mall serves as the dominant shopping venue for the region in which it is located and has over 800,000 square feet of gross leasable area. We may consider alternative non-traditional sites such as strip centers, airports, university campuses or other captive market spaces on a case-by-case basis.

The marketing strategy of the Restaurant is to present a menu that offers a wide variety of dishes, all prepared in accordance with Our proprietary recipes and ingredients.

The food court units will typically range between 550 and 850 square feet and the in-line units will typically range in size from 800 to 1,500 square feet. Each Restaurant generally will have 15 to 30 feet of service counter space.

The Restaurant is established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, decor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which We may change, improve, and develop, in Our discretion. The main features of the System are more fully described in this Disclosure Document. The Manuals that are provided to You as Our franchisee will contain information for the day-to-day operations (described in Item 11).

We primarily offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement (the "Franchise Agreement"), Exhibit C to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. If you are an entity, then under the Franchise Agreement, each of your owners would be characterized as Franchisee's Principals (referred to in this Disclosure Document as "Your Principals"). The Franchise Agreement is signed by Us and by You individually by each of Your Principals. By signing the Franchise Agreement, Your Principals will be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and will personally guarantee Your performance under the Franchise Agreement. Depending on the type of business activities in which You or Your Principals may be involved, which We may consider competitive to Our business, we may require You or Your Principals to sign additional confidentiality and non-competition agreements.

You must also designate an "Operating Principal" who will operate Your business. If You are an individual, You will be the Operating Principal. If You are a corporate entity, the person You designate as Your Operating Principal must have an ownership interest in You. The Operating Principal must sign the Franchise Agreement as the Operating Principal and as one of Your Principals. The Operating Principal also will make certain covenants in the Franchise Agreement and will personally guarantee Your performance under the Franchise Agreement.

If You qualify, depending upon the size of the area and Your financial ability, We will offer to You the right to enter into a development agreement to develop more than three franchised Restaurants in regional or super-regional shopping malls or in other non-traditional locations such as airports, strip centers, universities and toll plazas ("Non-traditional Locations") to be located within a specifically described geographic territory (the "Development Agreement"). We will determine the territory before You sign the Development Agreement, and it will be described in the Development Agreement (the "Territory"). You will establish the Restaurants within the Territory according to a development schedule, and You will sign a separate Franchise Agreement for each Restaurant You develop. The Franchise Agreement for the first Restaurant You develop will be in the form attached as Exhibit B to this Disclosure Document. For each additional Restaurant You develop, you must sign the form of Franchise Agreement that We are then offering to new franchisees, which may differ from the current franchise agreement included with this FDD. The size of the Territory will vary depending upon local market conditions and the number of Restaurants to be developed.

The person signing the Development Agreement is referred to as the "Developer." The Development Agreement contains concepts similar to the Franchise Agreement. For purposes of this Disclosure Document, the terms Your Principals include those persons having similar obligations identified in both the Development Agreement and Franchise Agreement, and the terms You or Your also include the Developer under the Development Agreement, unless We have noted differently. Any reference to the "Agreements" means the Development Agreement and the Franchise Agreement, as applicable.

Market and Competition

You will offer your food products and services to the general public. You will compete with a variety of restaurant businesses, including locally owned regional, national and chain restaurants, some of which may be franchise systems. The market for the food products and services offered by the Restaurants is highly competitive, as is the market for obtaining locations in food courts in qualified shopping malls. We believe Our competitive position is enhanced by Our "ethnic alternative" operational format and by the food and beverage products offered by the Restaurants. We plan to continue controlled expansion into areas that We determine can support the Restaurants to improve name recognition and the reputation of the System. We believe that our competitive position will be improved based on that expansion, and that Our concept will be able to attract customers consistently in those markets.

Industry Regulations

The restaurant 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 restaurants. Other laws, rules and regulations may 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 restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

According to the California Retail Food Code, local county health departments in California inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

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 health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws that apply to restaurant operations as well as laws that apply generally to restaurant businesses. In addition, the Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. If your Restaurant offers alcoholic beverages, wine or beer, you must comply with local and state liquor licensing laws before offering these types of beverages. You should make additional inquiries to find out about these laws and general regulations.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer, President and Chairman of the Board: Biagio Schiano

He is the founder of Our company and has been CEO, President and Chairman of the Board since its inception in 1991.

Chief Financial Officer: Kim Thieman

She has been our Chief Financial Officer since January 2015. Prior to this role, Kim was our Controller from September 2010 – January 2015.

Vice President of Leasing: Audrey McGowen

She joined Us as Director of Leasing in February 2020 and then became the Vice President of Leasing in March 2021.

Vice President Franchising: Jennifer Walsh

She joined Us as Director of Administration in November 2004 and then became Vice President of Franchising in March 2021.

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

Franchise Fee

You must pay Us an initial franchise fee of $30,000 for the right to establish a single Restaurant under a Franchise Agreement. The initial franchise fee is the same for all franchisees under this offering.

The initial franchise fee is payable in one lump sum upon signing the Franchise Agreement and is not refundable. Once, we waived the initial franchise fee for a former employee of Ours.

You must also purchase from Us the imported Italian tile to be used in Your store front. The cost of the tile is $7.99 per square foot. The average cost per Restaurant is $4,500. You must pay for the tile after You have signed Your lease or sublease and the total amount of tile to be used in Your store front has been calculated. See below for the Sublease Acquisition Fee.

You must pay the cost for Us to initiate access to Your system through Our monitoring software. We estimate this one-time access cost will be $400 per Restaurant. We will bill You when We provide the software to You.

You must purchase business cards, brochures and other written materials for use in the Franchised Business. You will typically purchase amounts that may last as long as six months. You may purchase these materials from Us or independent vendors that have been approved of by Us. We estimate the cost to range from $1,000 to $1,500.

Development Fee

When You sign a Development Agreement to develop three or more Restaurants, you must pay us a development fee equal to $15,000 multiplied by the number of Restaurants you will develop. The basis for calculating the development fee will be the same for all developers under this offering. The actual dollar amount paid will vary depending on the number of Restaurants each developer will open.

For the first three Restaurants under the Development Agreement, the initial franchise fee shall be $30,000 each, and for every additional Restaurant, we will reduce the initial franchise fee to $25,000 each. When You sign each Franchise Agreement, you will pay the balance of the franchise fee due, or $15,000 each, for the first three Restaurants and $10,000 for each additional Restaurant.

We are not obligated to return any part of the development fee or the initial franchise fee if either the Development Agreement or the Franchise Agreement is terminated by You or Us for any reason.

We may waive all or part of the development fee and/or initial franchise fee for Our current and former employees (including employees of Our affiliates) who meet Our requirements to establish and operate an Restaurant. If they also meet Our requirements, We may discount the initial franchise fee for existing franchisees who wish to open additional Restaurants but are not under a Development Agreement. The initial franchise fee may be discounted by $5,000.

Initial Training Fee: We do not charge a training fee for the initial training of Your Operating Principal or General Manager. At Your request, and subject to space availability, We will provide initial training to additional members of Your personnel, at Your expense. The initial training fee We currently charge is $1,500 per additional person. The initial training fee is charged uniformly to all franchisees under this Disclosure Document.

Site Evaluation Fee: We will make one on-site evaluation of the proposed site for Your first Restaurant without charging a site evaluation fee. You must reimburse Us for Our travel expenses (including travel, room, meals and wages) in order to perform this evaluation.

If additional on-site evaluations are imposed by us or You request an additional on-site evaluation, You must pay Us a fee of $500 for the additional evaluation and must reimburse Us for all of Our reasonable travel expenses incurred performing the additional evaluation. This fee must be paid within 15 days after

We bill You. This fee is charged uniformly to all franchisees under this offering, Site evaluation fees and related expenses are non-refundable.

Build-out Program Fee: This fee is optional. If you would like us to handle the architectural and permitting responsibilities for your Restaurant, we will do so and charge you a non-refundable fee of $25,000 plus reimbursables. If You agree to participate in the Build-out Program, the fee is paid when you sign the sublease agreement with Us. This Build-out Program Fee will pay for the following services:

i. Consultation for layout of the unit within the stated premises.
ii. Completion of Architectural and Mechanical drawings for entire buildout of the unit.
iii. Signage and menu board pictures/drawings.
iv. Coordination and specs for kitchen exhaust units.
v. Submittals to all governmental agencies and landlord for review and approval during all phases.
vi. Bid coordination for all equipment and general contractors. Review of project correspondence during build-out.
vii. Assistance and referral for orders of all smallware items, safe, Coca Cola installation, and cash registers.

You must sign all contracts related to this Build-out Program directly with the contractors, vendors, etc. The Build-out Program Fee does not guaranty that there will be no claims for any errors, omissions, or ambiguities in the store blueprints. Reimbursable expenses will be billed at cost plus 12% administration fee. Reimbursable expenses include: the architectural stamp fees, mechanical engineer design fee/stamp fees, permitting fees, blueprint costs, and shipping fees for bidding costs, and miscellaneous materials costs for purposes of bidding. It is estimated that these costs will not exceed $15,000.

Sublease Acquisition Fee: This fee is optional. If You sublease a location from Us, You must pay Us a sublease fee that can range from $0 to $15,000 to compensate Us for the actual costs We incur in obtaining the location, including real estate consulting fees, legal fees and internal acquisition costs. Rent for the subleased location shall be paid directly to the master lease landlord. We will charge those costs uniformly to franchisees that sublease through Us. The amounts charged are non-refundable.

There are no other payments to or purchases from Us or Our affiliates before you open your Restaurant for business.

ITEM 6: OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty Fee (2)	6% of Gross Sales	Weekly on Wednesday. Balance of annual minimum due with the last royalty payment for December.	Amounts due will be withdrawn by EFT from Your designated bank account (see note 2 for definition of Gross Sales).
Advertising Fund (3)	Currently 0% Maximum 1% of Gross Sales	Weekly on Wednesday	This contribution may be imposed by Us at some point in the future.
Local Advertising	1% of Gross Sales	As incurred	You must spend this annually on advertising for the Restaurant in

Type of Fee (1)	Amount	Due Date	Remarks
			Your Area of Primary Responsibility for Local Advertising. This amount is not paid to Us. See Item 11.
Advertising Cooperative	As determined by the members, up to 1% of Gross Sales.	As determined by the members	See Item 11. Any amount you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to an advertising cooperative is less than the amount you must spend for local advertising, you must still spend the difference locally. See note 3.
Promotional Materials	$500 to $5,000	You pay as incurred	Varies, depending on Your advertising needs. See Items 7 and 11.
Interest	18% or highest rate allowed by applicable law	On demand	Interest may be charged on all overdue amounts.
Initial Training of additional or replacement and successor personnel	$1,500 per person	Before Training	No additional charge for initial training for General Manager and Operating Principal (see Item 11). We reserve the right to charge a fee for additional or remedial training that is not mandatory.
Certification Fee	$500 per diem	On certification	The then-current per diem rate of certification personnel, plus expenses.
Additional Assistance	$500 per diem	When billed	We provide opening assistance without additional charge. Any additional assistance You requested is billed at the current per diem rate.
Transfer Fee	$7,500 or 25% of Our then current initial franchise fee	Submitted with transfer application	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders. A transfer fee of a similar amount is charged under both the Franchise Agreement and the Development Agreement.
Public Offering	$5,000	When billed	This covers Our cost to review the proposed offering of Your securities. The offering fee is the

Type of Fee (1)	Amount	Due Date	Remarks
			same amount under both the Franchise Agreement and the Development Agreement.
Successor Agreement Fee	$15,000 or 50% of the then-current franchise fee	On signing successor franchise agreement	You must give Us at least 24 months' notice; remodel to current standards; sign then-current agreement. If the landlord renews the Master Lease with Us, We will offer You the right to renew the Franchised Business if You sublease from Us. Renewals of the Master Lease are not automatic.
Lease Renewal	$15,000 or 100% of the then current Leasing Fee	When billed	We have the right to charge a brokerage commission if a broker is retained for negotiating the lease renewal for You. If other renewal fees are incurred by Us to secure the lease renewal, You must reimburse Us for these additional fees. There is no formula for determining the amount of the lease renewal.
Leasing Consultant Fee	$15,000 - $100,000 depending on the location	When billed	We have the right to charge a Leasing Consultant Fee if a leasing consultant is used for negotiating the lease renewal for You.
Support Fee	$50 per week	Weekly	If You fail to have a replacement General Manager trained or certified as meeting Our standards after a General Manger leaves, We may charge You this fee until Your replacement manager is trained or certified, as applicable.
Site Evaluation	$500 per visit, plus Our expenses	15 days after billing	We provide one site evaluation without charge for first Restaurant and You must reimburse Us for Our expenses. For additional site evaluations, We may charge a fee and costs (see Items 5 & 11).
Inspection and Testing	Cost of inspection or testing, not to exceed $500	When billed	We may require You to pay Us or an independent laboratory for the cost of inspection or testing if You purchase or lease items used in the Restaurant from sources We have

Type of Fee (1)	Amount	Due Date	Remarks
			not previously approved (see Item 8).
Monitoring Software Fees (4)	One-time connection fee of $400 Annual Software updates to range from $150 to $300	When billed	The database configuration software for your cash register system that You must obtain from Us or Our designee for the operation of the Restaurant ("Software") is provided at no charge, upgrades to the Software are charged on a per upgrade basis by the manufacturer directly to You.
Audit Fee	Cost of audit	When billed	Payable only if We find, after an audit, that You have understated any amount You owe to Us by more than 2%.
Sublease Acquisition Fee	$0 to $15,000	On signing Sublease	If You sublease from Us.
Late Payment or Reporting Fee	$50 per day	Daily	If You fail to pay royalties when due or fail to submit royalty reports weekly as required, We may charge You $50 per day until the payment or report is received.
Extension Fee	$5,000	With Your request	If You request an extension of the Development Period to meet Your Development obligations, You must pay an extension fee.
Manual Replacement Fee	$1,000	When billed	If You request additional or replacement copies of the Manual (see Item 11).
Liquidated Damages	See note 5		
Gift Card Program	See note 6		
Common Area Maintenance Charges ("CAM Charges")	The actual amount You pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates	Included with Your monthly rent payable directly to the landlord or Master Lessor	In addition to base rent, the lease may require You to pay common area maintenance charges ("CAM Charges") for the mall and for the food court, Your pro rata share of the real estate taxes and insurance for the mall, and your pro rata share of HVAC and trash removal.

Type of Fee (1)	Amount	Due Date	Remarks
	in the geographic region.		
Key Money	This sum can vary from as low as $25,000 to as high as $200,000, depending on the property.	This "Key Money" will have to be paid according to the schedule in the master lease.	In some cases, a mall developer may require the payment of what is termed in the industry as "Key Money".
Default Resolution Fee	$50 per day	Daily	If You fail to cure any defaults within the applicable cure period, we may charge You $50 per day until the default is cured.

Notes:

1. All fees and described in this Item 6 are non-refundable. Except as indicated in the chart above, we uniformly impose all fees and expenses listed and You must pay them to Us. Except as specifically stated above, the amounts given may increase based on changes in market conditions, our cost of providing services and future policy changes. Currently We have no plans to increase payments which are due to Us.

2. For the purposes of determining the royalties to be paid under the Franchise Agreement, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including income related to any sales or orders of food products or food preparation services provided from or related to the Restaurant), whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will is determined based on the records of the electronic cash register system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes the following:

(a) Receipts from the operation of any public telephone installed in the Restaurant, or products from vending machines located at the Restaurant, except for any amount representing Your share of the revenues;

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

(c) Returns to shippers or manufacturers; and

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

We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by Us. The royalty fee will be withdrawn from Your designated bank account by electronic funds transfer ("EFT") weekly on Wednesday based on Gross Sales from the preceding Accounting Period (see Section IV.B. of the Franchise Agreement). If any Wednesday is not a business day, payments are due on the next business day. You must maintain a minimum of $1,000 in Your designated bank account for the Restaurant.

If You do not report the Restaurant's Gross Sales to Us, We may debit Your account for 120% of the last royalty fee that We debited. If the royalty fee We debit is less than the royalty fee You actually owe Us, We will debit Your account for the balance on a day We specify. If the royalty fee We debit is greater than the royalty fee You actually owe Us, We will credit the excess against the amount We would debit from Your account during the following week.

The minimum royalty fee is based on estimated projected sales for your location and may range from $40,000 to $60,000 annually. The minimum royalty fee will be reviewed at the time your Franchise Agreement is renewed. The minimum royalty fee may be revised based on gross sales. Only the minimum royalty is subject to 3% annual increases. The initial minimum royalty fee shall be calculated by Us and disclosed to You in the Letter of Intent we sign for Your Franchised Location.

3. Advertising Cooperatives will include all Restaurants in a designated geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the cooperative. No Advertising Cooperatives have been established as of our last fiscal year end.

4. We have the right to establish and administer an advertising fund for the System (see Item 11). We have not established the fund, and do not intend to establish a fund in the next year, or until at least 10 franchised Restaurants have been established to provide national or regional advertising for the benefit of the System.

5. We will use certain non-proprietary software and Systems that permit Us to gather transactional information electronically on a daily basis concerning the operation of the Restaurant. You must also upgrade the proprietary database configuration of the P.O.S. register(s) in Your Restaurant as We determine necessary (see Items 7 and 11). Currently, We anticipate the cost of annual Software updates to range from $150 to $300 per year.

6. If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Royalty Fees you would have paid us on the product of (a) your Restaurant's average monthly Gross Revenue during its most recent 12 months of operation before the termination multiplied by (b) the number of months remaining in the Franchise Agreement had we not terminated it.

7. You must participate in our gift card program if we establish one. Under this program, gift cards are available for sale and redemption at any Restaurant in the System.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Single Unit)

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Initial Franchise Fee (1)	$30,000	Lump Sum	On signing Franchise Agreement	Us
Leasehold Improvements (2)	$1,000,000- $1,500,000	As Invoiced	As Arranged	Independent Contractors
Sublease Acquisition Fee (3)	$0 - $15,000	Lump Sum	On signing Sublease	Us
Lease Payments and other rental expenses (4)	$20,000 - $100,000	Per Lease	Monthly	Landlord
Equipment (5)	$250,000 - $500,000	As Invoiced	As Arranged	Designated Vendors
Imported Italian Tile (5)	$10,000 -15,000	As Invoiced	Lump Sum	Us
Signage (6)	$8,000- $15,000	As Invoiced	As Arranged	Designated Vendors
Initial Inventory (7)	$8,000 - $10,000	As Invoiced	As Arranged	Designated Vendors
Architectural/ Engineering (8)	$40,000 - $150,000	As Invoiced	As Arranged	Designated Vendor
Spot on Register System with Modem (9)	$10,000 - $12,000	As Invoiced	Lump Sum	Designated Vendor
Initial Access to Monitoring Software (9)	$400	As Invoiced	Lump Sum	Us
Facsimile machine (10)	$350 - $500	As Invoiced	Lump Sum	Designated Independent Vendor
Travel, lodging and meals for initial training (11)	$1,500 - $2,500	As Incurred	As Incurred	Independent Suppliers
Business Supplies (stationery, business cards, brochures, presentation folders, paper and other materials (12)	$1,000 - $1,500	As Invoiced	Lump Sum	Us or Independent Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Business licenses, permits, etc. (for first year) (13)	$250 - $1,000	As Incurred	As Arranged	Various Agencies
Insurance deposits and premiums (for first year) (14)	$2,500 - $6,500	As Invoiced	As Arranged	Independent Carrier
Additional Funds (15)	$25,000 - $50,000	As Incurred	As Arranged	Third Parties
TOTAL	$1,407,000 - $2,409,400			

YOUR ESTIMATED INITIAL INVESTMENT
(Multi-Unit)

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Development Fee (1)	$45,000	Lump Sum	On signing Multi-Unit Development Agreement	Us
Initial Franchise Fee Balance (1)	$15,000	Lump Sum	On Signing Franchise Agreement for outlet #1 under the Multi-Unit Development Agreement	Us
Leasehold Improvements (2)	$1,000,000- $1,500,000	As Invoiced	As Arranged	Independent Contractors
Sublease Acquisition Fee (3)	$0 - $15,000	Lump Sum	On signing Sublease	Us
Lease Payments and other rental expenses (4)	$20,000 - $100,000	Per Lease	Monthly	Landlord
Equipment (5)	$250,000 - $500,000	As Invoiced	As Arranged	Designated Vendors
Imported Italian Tile (5)	$10,000 -15,000	As Invoiced	Lump Sum	Us
Signage (6)	$8,000- $15,000	As Invoiced	As Arranged	Designated Vendors
Initial Inventory (7)	$8,000 - $10,000	As Invoiced	As Arranged	Designated Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Architectural/ Engineering (8)	$40,000 - $150,000	As Invoiced	As Arranged	Designated Vendor
Spot On Register System with Modem (9)	$10,000 - $12,000	As Invoiced	Lump Sum	Designated Vendor
Initial Access to Monitoring Software (9)	$400	As Invoiced	Lump Sum	Us
Facsimile machine (10)	$350 - $500	As Invoiced	Lump Sum	Designated Independent Vendor
Travel, lodging and meals for initial training (11)	$1,500 - $2,500	As Incurred	As Incurred	Independent Suppliers
Business Supplies (stationery, business cards, brochures, presentation folders, paper and other materials (12)	$1,000 - $1,500	As Invoiced	Lump Sum	Us or Independent Suppliers
Business licenses, permits, etc. (for first year) (13)	$250 - $1,000	As Incurred	As Arranged	Various Agencies
Insurance deposits and premiums (for first year) (14)	$2,500 - $6,500	As Invoiced	As Arranged	Independent Carrier
Additional Funds (15)	$25,000 - $50,000	As Incurred	As Arranged	Third Parties
TOTAL	$1,437,000- $2,439,400			

None of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

(1) You must pay an initial franchise fee of $30,000 if You sign a Franchise Agreement to obtain a single Restaurant. If You wish to develop more than three Restaurants under a Development Agreement, you will pay a development fee that is discussed in Item 5. For the first three Restaurants, the initial franchise fee due is $30,000 each, and for every Restaurant developed after the first three, we will reduce the initial franchise fee to $25,000 each. The initial franchise fee and the development fee are non-refundable.

(2) The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) preconstruction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting Our prototypical architectural and design plans to remodel and finish-out of a Restaurant based on remodeling/finish-out rates and conditions in Longwood, Florida and the other areas We have opened Restaurants. These costs may vary depending on whether some of these costs will be incurred by the landlord and allocated over the term of the lease. Leasehold Improvements may range from $450,000 to $650,000 if non-union contractor is used and $450,000 to $800,000 if union contractor is used.

If You participate in the Build-out Program, we will charge You the non-refundable Build-out Program Fee (see Item 5) representing Our cost, including any shipping and handling costs and our administrative overhead.

(3) We negotiate and sign master leases for Our Restaurant locations. We will offer to sublease these locations to You. If You wish to operate a subleased location, which will be the typical situation, you must pay Us a sublease fee to compensate Us for any costs We incur in obtaining the location, including real estate consulting fees, legal fees and internal acquisition costs (see Item 5). You must sign a Sublease Agreement with Us for the location, including a personal guarantee (see Item 10). If You do not sublease from Us, you will not incur this fee.

(4) The figures are for the first three months of rent and assume that the premises of the Restaurant will be in a regional or super-regional mall food court ranging in size from approximately 550 to 850 square feet, or an in-line space ranging from 800 to 1,500 square feet, and that one month's security deposit is required upon signing Your sublease. If your landlord has storage space available in the mall, you must rent between 100 and 200 square feet of that storage space. You will use this space to store Your supplies if the storage space in Your Restaurant is not sufficient. In addition, the figures assume base annual rental rates ranging from $70 to $285 per square foot. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require You to pay common area maintenance charges ("CAM Charges") for the mall and for the food court, your pro rata share of the real estate taxes and insurance for the mall, and your pro rata share of HVAC and trash removal. The actual amount You pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region. In some cases, a mall developer may require the payment of what is termed in the industry as "Key Money". This sum can vary from as low as $25,000 to as high as $200,000, depending on the property. This "Key Money" will have to be paid according to the schedule in the master lease.

(5) You must purchase certain equipment meeting Our specifications to be used in the Restaurant, including a custom stainless-steel equipment package, ice machine, walk-in cooler and freezer, wok, sandwich coolers, deep fryers, convection oven, char broilers, griddle, worktables, shelving, and smallware. We have established relationships with equipment vendors for certain equipment used in the Restaurant that meets Our specifications. We will order the equipment from those vendors on Your behalf if You choose to pay the Build-out Program Fee (see Item 5), or You may order the equipment directly from the vendors. You must provide accurate field measurements and fabrication lead time for the custom stainless-steel package.

In addition, you must purchase from Us imported Italian tile. The cost of the tile is $7.99 per square foot. The average cost per Restaurant is $4,500. The tile is used in the store front. It is essential to the overall uniform look of the Restaurant.

(6) These amounts represent Your cost for menu boards, menu panels, neon logo and descriptive signs. Each mall has different restrictions it places on interior and exterior signage which may affect Your costs.

(7) These amounts represent Your initial inventory of food supplies, cups and paper goods for use in the first month of operating the Franchised Business.

(8) These fees are estimates of Your costs in obtaining any architectural and design services necessary for the construction of Your Restaurant. You must adapt Our prototypical plans and specifications for the construction of Your Restaurant. If You choose to participate in the Build-out Program, the cost of architectural and design services, as well as permitting and licensing, are included in the Build-out Program Fee (see Item 5). If You do not participate in the Build-out Program, you will not incur the Build-out Program Fee.

(9) You must obtain and use in Your Restaurant an electronic cash register. A typical Restaurant will need two terminals and one remote printer. We will provide to You customized database configurations and upgrades specific for Your Restaurant to be loaded on to Your computer system. You must obtain from Us a license to use the customized database configuration in Your Restaurant. We have the right, as described in Item 11, to access the data on Your system at Our discretion. You must pay the cost for Us to initiate access to Your system through Our monitoring software. We estimate this one-time cost will be $400 per Restaurant. You must maintain an active phone line for polling at all times at Your cost.

(10) You must have a facsimile machine to communicate with Us and to accept fax menu orders, and it must be able to cut pages as they are received or print on single sheet paper.

(11) We provide initial training to Your Operating Principal and General Manager at no additional charge. These estimates include only Your out-of-pocket costs associated with the training of the Operating Principal and General Manager (including travel, room, meals and wages). These amounts do not include any fees or expenses for training any other personnel. Training is for a two-week period. Your costs will vary depending on Your selection of lodging and dining facilities, and the mode and distance of transportation.

(12) You must purchase business cards, brochures and other written materials for use in the Franchised Business. You will typically purchase amounts that may last as long as six months. You may purchase these materials from Us or independent vendors that have been approved by Us. All layout and designs for these materials must be approved by Us.

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

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

(15) These amounts are Our estimate of the amount needed to cover Your expenses for the start-up phase of Your business including: professional fees in connection with obtaining and establishing the Franchised Business; two months' lease payments; the cost of two months' advertising and promotional expenditures; three months' payroll for a manager, two assistant managers and four hourly employees; utilities and telephone service for three months, and other costs. We estimate the start-up phase will be

three months from the date Your Restaurant opens for business. These figures are estimates and We cannot assure You that You will not have additional expenses starting Your Restaurant. These amounts do not include any estimates for debt service.

Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, Our cost of providing services and future policy changes. Currently, We have no plans to increase payments that are due to Us.

If we sell you development rights, your initial investment will not be different than as stated in this Item, except the Development Fee. All costs associated with the Development Agreement will be the same for each unit opened as would be the case if opening only a single unit, subject to potential increases in these costs over time. The approximate cost for an optional vehicle to view potential sites, oversee the build-outs, supervise multiple locations, etc. will be $2,100 for 3 months.

We have relied on Our 16 years of experience in this industry to compile these estimates.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including electronic cash registers, computer hardware and software), decor items, signs and related items We require. All these items must conform to the standards and specifications in Our Manuals (as defined in Item 11) or in other written materials, unless You have first obtained Our written consent for substitutions. You may not install in Your Restaurant premises any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items that We have not approved. If You lease any of the property described above from a third party, we must approve the lease in writing before it is signed. We will not approve the lease unless it permits Your interest in the lease to be assigned to Us if the Franchise Agreement terminates or expires without an assignment or related fee on assignment.

To ensure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict compliance with the methods, standards and specifications that We require in the Manuals or in other written notifications. You must maintain in sufficient supply and use and always sell only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet Our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manuals or other written materials. You must purchase Tyson Orange Chicken to use in the recipes. You must not deviate from these standards and specifications by the use or offer of non-conforming items or differing amounts of any items without obtaining Our written consent first. You must sell and offer for sale only those menu items, products and services that We have expressly approved for sale in writing. You must offer for sale all products and services specified by Us in the manner and style We require, including dine-in and carry-out services. You must discontinue offering for sale any items, products and services We may disapprove in writing at any time. We can, and expect to, modify Our standards and specifications as We deem necessary. We will provide You notice in writing of any changes in the Manuals.

You must permit Us or Our agents, at any time during business hours, to remove a useful number of samples of food or non-food items from Your inventory or from the Restaurant free of charge for testing by Us or by an independent laboratory to determine whether the samples meet Our then-current standards and specifications. Besides any other remedies available to Us, we may bill You for the testing if We have not previously approved the supplier of the item or if the sample fails to conform to Our specifications.

We are currently the only approved supplier of the imported Italian tile. We are the only approved supplier of the Software used for the operation of the Restaurant. We are currently an approved supplier of

Business Supplies (stationery, business cards, brochures, presentation folders, paper and other materials) however we are not the only approved supplier of the Business Supplies. There are no approved suppliers in which any of our officers owns an interest. Our affiliates do not provide goods or services to Our franchisees.

Except for the above specified products, and except for proprietary products, promotional materials and software configurations provided by Us or Our designated suppliers, You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including electronic cash register, computer hardware and software), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to Our satisfaction, the ability to meet Our then-current standards or in accordance with Our standards and specifications. Our criteria for supplier approval may be found in the Manuals. The suppliers must have adequate quality controls and the capacity to supply Your needs promptly and reliably.

If You wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any proposed product supplier in writing before You make purchases of that product or from that supplier. We can require that Our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered either to Us or to an independent laboratory for testing. You pay the cost of the inspection and the test, not to exceed $500. We reserve the right to reinspect the facilities and products of any approved supplier and to revoke Our approval if the supplier fails to continue to meet any of Our then-current standards. Our supplier approval procedure does not obligate Us to approve any particular supplier. We will notify You within 30 days after We complete the inspection and evaluation process of Our approval or disapproval of any proposed supplier. We grant and revoke approval of suppliers through notice to our suppliers and franchisees.

There is currently one purchasing arrangement for franchisees. It is with Coca-Cola® and this is the only approved soft drink product. Our arrangement with Coca Cola applies to Our other restaurant concepts as well as to Restaurants. Our arrangement is a marketing program commitment signed in 2019. We received a $525,000 cash advance from Coca Cola when We signed the 2019 agreement. If You use Our distributor for Coca Cola products, you will benefit by receiving Our national pricing for Coca Cola products which is at a substantial discount. Our distributor will make arrangements with You to receive the Coca Cola products you purchase from them. If You make arrangements with a local Coca Cola distributor, you shall only receive discounts that the local distributor can provide. We do not receive additional rebates from Coca Cola for new locations but still receive rebates based on volume purchases (0.25% of the dollar amount).

From the Coca Cola arrangement for volume purchases, as of December 31, 2024, we derived revenues of $412,238 or 1.39% of our total revenues of $29,555,850. You must purchase Your own fountain equipment from Coca Cola when You open Your Restaurant. The rebates We receive will not be shared with Our franchisees and will not be paid to the Advertising Fund if one is created. Under Our Franchise Agreement, you have no contractual right to receive any of these rebates, and We have the right to use them in Our discretion.

During the last fiscal year ended December 31, 2024, we derived revenues of $$451,047 or 1.45% or our total revenues of $31,186,40 from required purchases or leases including the above Coca Cola arrangement.

We also receive discounts on purchases of electronic cash register and software from approved suppliers; these same discounts are also made available to You if You purchase through these approved suppliers. We purchase certain materials, such as cups, napkins, business cards, stationery, flyers, and brochures using Our Marks, that You must then purchase from Us at Our cost or sources approved or designated by Us.

You must purchase from Us, or sources designated by Us, the proprietary mixes and trademarked food products. We may sell these items to You or have You purchase them through designated sources at Our cost, plus shipping, handling, a discretionary mark-up by the supplier and an amount to compensate Us for Our administrative overhead in connection with these arrangements. We negotiated these contracts from vendors in an effort to achieve the best price and terms for all Restaurants and to maintain product consistency and uniformity within the System. We receive the financial benefits discussed above for Our corporate Restaurants due to the volume that is generated by the combined ordering of Our Restaurants and Our franchisees. All franchisees receive the same volume discount benefit.

The purchase of Coca Cola products and other products from designated sources constitute approximately 10% to 15% of Your initial start-up expenses and approximately 10% to 15% of Your ongoing annual food and paper purchases.

We are presently negotiating master distribution arrangements with other vendors, which may include payment to Us of marketing fees from the vendors. When negotiated, you must participate in the distribution arrangement. The amount of the marketing fees has not yet been determined but can be as high as 20% of the cost of the products. There are no purchasing or distribution cooperatives related to franchises. We do not provide any material benefit to franchisees for use of approved suppliers.

You must purchase or lease virtually all goods and services necessary to establish and operate the Restaurant from Our designees, from suppliers approved by Us, or in accordance with Our specifications. We estimate that Your purchases and leases from Us, approved suppliers and in accordance with Our specifications will be approximately 25% to 35% of Your costs to establish and operate the Franchised Business.

We may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear Our Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to Your and Our benefit that We closely control the production and distribution of those products. Accordingly, if those products become a part of the System, you will use only Our proprietary recipes and other proprietary products and will purchase those items solely from Us or from a source designated by Us. You must also obtain upgrades for Your electronic cash register system when necessary.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items We designate must bear the Marks in the form, color, location and manner We require. In addition, all Your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manuals or other written materials We may provide to You. You must obtain Our approval before You use any advertising and promotional materials and plans if We have not prepared or approved them during the 12 months before their proposed use.

You must obtain Our approval of the site for Your Restaurant before You acquire the site. You must also obtain Our approval of any contract of sale or lease for Your Restaurant before You sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease (Attachment 3 to the Franchise Agreement).

We will make locations for Restaurants available for sublease to you. If You sublease a location from Us, you must sign the form of sublease agreement attached as Attachment 7 to the Franchise

Agreement. Generally, we will make the locations available on the same terms as We have leased them from the landlord. You must reimburse Us for any expenses We have incurred in acquiring the rights to lease the premises, including real estate consulting fees and legal fees, and pay an additional month of security.

Insurance

Before You open Your Restaurant for business, you must obtain the insurance coverage for the Restaurant specified below. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers acceptable and approved by Us.

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in the amount of $2,000,000 combined single limit. You must carry umbrella coverage in excess of $2,000,000 for each franchised location.

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

3. Crime insurance for employee dishonesty in the amount of $10,000 combined single limit.

4. Business Interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for at least 90 days.

5. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions in the Franchise Agreement.

6. Other insurance required by the state or locality in which the Restaurant is located and operated or as required by the sublease.

You may, after obtaining Our written consent, elect to have different deductibles under the coverages described in paragraphs 1 - 6 above. Also, related to any construction, renovation or remodeling of Your Restaurant, you must maintain builders' risks insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers satisfactory to Us. All of the policies must name Us, our affiliates and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees as additional insured and must include a waiver of subrogation in favor of all those parties.

When determining whether to grant new or additional franchises, we consider many factors, including compliance with the above requirements.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section II of Franchise Agreement	Items 5, 6, 7, 8, 10 and 11
b. Pre-opening purchases/leases	Section VII of Franchise Agreement	Items 5, 7, 8 and 11
c. Site development and other pre- opening requirements	Section II of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Section VI of Franchise Agreement	Items 5, 6 and 11
e. Opening	Section II of Franchise Agreement	Item 11
f. Fees	Sections III, IV VI, VIII X and XIV of Franchise Agreement and Sections II, III and VIII of Development Agreement	Items 5, 6, 7, 11 and 12
g. Compliance with standards and policies/ Manuals	Section VII of Franchise Agreement	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections IX and X and Attachment D of Franchise Agreement, Attachment 2 to Development Agreement, Software License Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section VII of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section VII of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	Section III of Development Agreement	Item 12
l. Ongoing product/service purchases	Section VII of Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Section VII of Franchise Agreement	Item 16
n. Insurance	Section XII of Franchise Agreement	Items 7 and 8
o. Advertising	Section VIII of Franchise Agreement	Items 6 and 11
p. Indemnification	Section XV of Franchise Agreement and Section X of Development Agreement	Items 10 and 13
q. Owner's participation/management/ staffing	Section VI of Franchise Agreement and Sections VI and IX of Development Agreement	Items 1, 11 and 15

Obligation	Section in Agreement	Item in Disclosure Document
r. Records and reports	Sections IV and XI of Franchise Agreement	Items 6 and 11
s. Inspections and audits	Sections II, VII and XI of Franchise Agreement	Items 6, 8 and 11
t. Transfer	Section XIV of Franchise Agreement and Section VIII of Development Agreement	Items 6 and 17
u. Renewal or Extension of Rights	Section III of Franchise Agreement and Section III of Development Agreement	Items 6 and 17
v. Post-termination obligations	Section XVIII of Franchise Agreement and Section VII of Development Agreement	Item 17
w. Non-competition covenants	Section X and Attachment 5 of Franchise Agreement, Section IX and Attachment 2 of Development Agreement	Item 17
x. Dispute Resolution	Section XIX of Franchise Agreement and Section XV of Development Agreement	Item 17
y. Liquidated damages	Section XVIII of Franchise Agreement	Item 6
z. Guaranty	Section VI and Attachment 9 of Franchise Agreement	Item 15

ITEM 10: FINANCING

We do not offer, either directly or indirectly, any financing arrangements to You. We do not guarantee Your notes, leases or other obligations, except as described below.

In this Item 10, any references to Us also include Our affiliates.

We shall give you the option and make locations for Your Restaurant available for sublease to You (the "Sublease"). If You choose to sublease a location from Us, you must sign the form of sublease agreement attached as Attachment F to the Franchise Agreement. Generally, we make the locations available on the same terms as We have leased them from the landlord. The Sublease will be subject and subordinate to the lease agreement (the "Master Lease") between Us and the landlord (the "Master Lessor"). (Sublease, Section 1.1.) Under the Master Lease, we are the Lessee of the Master Lessor. Under the Sublease, we are the Sublessor and You are Our Sublessee. You will have the opportunity to have the Master Lease, and the Sublease evaluated by Your own real estate consultant or attorney and to make an independent evaluation of the Subleased Premises.

You must reimburse Us for any expenses We have incurred in acquiring the rights to lease the premises, including real estate consulting fees and legal fees, and one additional month of security.

You must pay all rents and other sums required to be paid under the Master Lease directly to Master Lessor, but we have the right to require proof of this payment. If You fail to make Your monthly lease payments to Master Lessor, you must make the monthly lease payment directly to Us at least 15 days prior to the lease payment due date. We shall then pay the monthly lease payment to Master Lessor. You will have no right, and must waive all rights which You might have, to claim any lien against the Subleased Premises or to withhold, deduct from or offset against any rent or other sums to be paid to Master Lessor or Us by You.

Unless the Master Lease is terminated early, the term of the Sublease will begin on the date the Master Lease begins and will end one day before the Master Lease expires. (Sublease, Section 1.6.)

There is no security interest under the Sublease and there are no pre-payment penalties.

If Master Lessor defaults in the performance of any of its obligations under the Master Lease, we will, on Your written request and at Your expense, use Our diligent good faith efforts to enforce the Master Lease and obtain Master Lessor's compliance with its obligations. (Sublease, Sections 1.4 and 1.5.)

If You breach the Sublease, in addition to all other rights We may have at law or equity, we will have all the rights against You that would be available to the Master Lessor against Us under the Master Lease, and We will have the right to terminate your Franchise Agreement. (Sublease, Section 4.1.)

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

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

Pre-Opening Obligations: Before the opening of a Food Systems Restaurant, We will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance We deem advisable. (Franchise Agreement, Section V. (1).) If you sign our multi-unit development agreement, we will designate the site of each Restaurant you develop in accordance with our then-current standards.

2. One on-site evaluation, and additional on-site evaluations as We deem necessary or in response to Your request for site approval. (Franchise Agreement, Section V. (2).)

3. On loan, one set of prototypical architectural design plans and specifications for a Restaurant for adaptation by You, at Your expense. (Franchise Agreement, Section V. (3).)

4. On loan, one set of the Manuals which We may revise. (Franchise Agreement, Section V. (4).)

5. On loan through Our designee, one copy of the database configuration software to be used in the operation of the Restaurant ("Software"), which will be licensed to You by Us under the Software License Agreement (see Attachment E to the Franchise Agreement). We (or Our designee) will also make available to Your enhancements, upgrades or replacements to the Software that are developed by or for Us. We (or Our designee) reserve the right to charge a fee for the upgrades or enhancements. (Franchise Agreement, Section V. (14).)

6. A list of Our approved suppliers. We will provide written specifications and designate suppliers from which you agree to purchase equipment, signs, fixtures, inventory and supplies. We do not provide, deliver, or install these items for you. (Franchise Agreement, Section V. (9).)

7. An initial training program for Your Operating Principal and General Manager at no additional charge to You. If You wish to have additional personnel trained, we charge $1,500 per person. (Franchise Agreement, Section V. (10).)

8. On-site pre-opening assistance at the Restaurant. (Franchise Agreement, Section V. (11).)

9. Advertising and promotional materials for use in the pre-opening promotion of the Restaurant. (Franchise Agreement, Section V. (6).)

10. Make available via Sublease, a pre-selected mall location for You to assume as your site for your Restaurant. (Franchise Agreement, Attachment A).

11. Subject to applicable law, recommend minimum and set maximum prices for products and services at your Restaurant. (Franchise Agreement, VIII(H)).

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

The above services will be provided to You as a Developer for each Franchise Agreement that You sign under the Development Agreement.

Post-Opening Obligations: We will provide the following services and assistance after the opening of the Restaurant:

1. If We determine it is necessary, visits to, and evaluations of, the Restaurant and the products and services provided to make sure that the high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Section V. (5).)

2. Advertising and promotional materials for in-store marketing and Local Advertising for the Restaurant to be ordered and paid by You (Franchise Agreement, Section V. (6).)

3. Updates to the Manuals concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Section V. (7).)

4. Certain merchandise, including promotional products, for use in the Restaurant and for resale to Your customers, in quantities sufficient to meet Your customer demand, at a reasonable cost are made available to franchisees in the System. We also may, at Our option, make available to You certain other equipment, inventory and decor items at a reasonable cost. (Franchise Agreement, Section V. (8).)

5. On-site post-opening assistance at the Restaurant as We find appropriate. (Franchise Agreement, Sections V. (11) and VI.E.(3).)

6. Training programs and seminars and other related activities regarding the operation of the Restaurant as We may conduct for You, or Restaurant personnel generally, which Your Operating Principal, General Manager and other Restaurant personnel may be required to attend. (Franchise Agreement, Section VI.E(2).)

7. On-site remedial training for Your Restaurant personnel when You request it or as We find appropriate. If the remedial training is requested by You, you must pay Our then-current per diem rate for each of Our employees providing the training and reimburse Our expenses in providing the training. (Franchise Agreement, Section VI.E(4).)

8. Administration of the advertising fund, when and if it is created. (Franchise Agreement, Sections VIII.C and D.)

9. Maintenance of the Software, as needed. (Franchise Agreement, Section V. (14).)

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

The above services will be provided to You as a Developer for each Franchise Agreement that You sign under the Development Agreement.

Advertising: You must spend annually, throughout the term of the Franchise Agreement, 1% of the Gross Sales of the Restaurant on advertising for the Restaurant in Your Area of Primary Responsibility for Local Advertising. This amount is not paid to Us. If Your landlord requires You to participate in any marketing or promotion fund, the amounts You pay may be applied towards satisfying Your Local Advertising obligations. We must approve all Your advertising materials before You use them. We shall approve or disapprove Your advertising materials within 15 business days of Our receiving them. You cannot advertise or use Our Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without Our express written consent. You must provide Us with an advertising expenditure report to show that You have complied with the Local Advertising requirement on or before the 1st day of February following the end of each calendar year. If 1st day of February is not a business day, then the report is due on the next business day. Costs and expenses You incur with any of the following are not to be included in Your expenditures on Local Advertising unless We approve in advance in writing:

1. Incentive programs for Your employees or agents, including the cost of honoring any coupons distributed in connection with the programs;

2. Research expenditures;

3. Food costs incurred in any promotion;

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

5. Charitable, political or other contributions or donations;

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

7. Seminar and educational costs and expenses of Your employees.

We also reserve the right to establish and administer an advertising fund (the "Fund") to advertise the System on a regional or national basis and which will be contributed into only by our non-mall franchisees. We do not anticipate enacting the Fund within the next calendar year, or until We have at least 10 non-mall-based Restaurants open and operating to provide regional or national advertising for the benefit of the System. When We do establish the Fund, you must contribute to the Fund 1% of the Gross Sales of the Restaurant for each Accounting Period to be paid in the same manner as the royalty payments. During the term of the Franchise Agreement, for designated special promotions, we may have You allocate to the Fund all or part of Your Local Advertising expenditures and Cooperative contributions (described below).

When established, the Fund will be maintained and administered by Us or Our designee as follows:

1. We will direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Fund is intended to maximize public recognition and acceptance of the Marks and improve the collective success of all non-mall-based Restaurants operating under the System. For non-mall-based Restaurants operated by Us or Our affiliates, We or Our affiliates will contribute to the Fund generally on the same basis as You. In administering the Fund, We and Our designees do not need to make expenditures for You that are equivalent or proportionate to Your contribution or to ensure that any franchisee benefits directly or pro rata from the placement of advertising.

2. The Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; and costs of Our personnel and other departmental costs for advertising that We administer or prepare internally. All sums You pay to the Fund will be maintained in a separate account and We may use them to defray Our administrative costs and overhead that We may incur in the administration or direction of the Fund and advertising programs for You and the System. The Fund and its earnings will not benefit Us. The Fund is operated solely to collect and spend the advertising fees as outlined above. Any sums paid to the Fund that are not spent in the year they are collected will be spent in the following year or returned to the contributors in proportion to the respective amounts paid by them, without interest, based on their respective contributions.

3. We will prepare an annual statement of the operations of the Fund that will be made available to You if You request it. The Fund statements may be unaudited.

4. Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on the basis described in paragraph 2, above.

We currently advertise the Restaurants, and the products offered by the Restaurants primarily using point of purchase advertising materials, in-store promotions and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including: in-store promotions, giveaways and newspaper advertising campaigns; and direct mail and outdoor billboard advertising. Most of Our advertising is developed by members of Our staff. Advertising presently is conducted on a local basis by Our affiliates. Once the franchise program has grown more significantly, we contemplate advertising on a national, regional and local basis through the use of the Fund, Local Advertising and Cooperatives (described below).

We presently do not have a National Advertising Council. For the fiscal year ending December 31, 2024, we did not collect any money for the Fund since the Fund was not created.

We have the right to have our franchisees form cooperatives which will be comprised of all franchised Restaurants and Restaurants in designated geographic areas. Each Restaurant has one vote in the cooperative. These cooperatives will spend their contributions within their local metropolitan statistical areas ("MSA'S"). No cooperatives have been established as of our last fiscal year end.

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

You must contribute to the Cooperative the amounts required by the documents governing the Cooperative. You will not have to contribute more than 1% of Your Gross Sales during each month to the Cooperative unless, subject to Our approval, the members of the Cooperative agree to the payment of a larger fee. The payments may be applied by You toward satisfaction of Your Local Advertising requirement or to your mall marketing fees that must be spent under your Sublease. Your contributions to a Cooperative may also be allocated by Us to the Fund, as described above. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative will be operated solely to collect and spend the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining Our approval. Each Cooperative must prepare an annual financial statement reporting its expenditures for the previous year to its members.

If We establish a Fund and a Cooperative applicable to Your Restaurant, your total required contribution to the Fund and the Cooperative will not exceed 3% of Your Gross Sales.

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

You must also pay Your pro rata share of the cost of a Yellow Pages trademark or other business listings to be placed by Us for all Restaurants in Your Restaurant's local market area. If You operate the only Restaurant under the System in the local market area, you will pay the full cost of any Yellow Pages trademark advertising or other business listing, unless We determine, in Our sole discretion, that placement of a Yellow Pages trademark listing or other business listings for the local market area is not economically justified. Any amount You pay for Yellow Pages trademark or other business listings may not be applied by You toward satisfaction of Your Local Advertising requirement and will be in addition to your Sublease marketing requirements.

Except as described above, we do not need to spend any amount on advertising in the area where Your Restaurant is located.

Training: No later than 30 days before the date Your Restaurant begins operation, Your Operating Principal and General Manager must attend and complete, to Our satisfaction, Our initial training program.

We will conduct this training at Our corporate headquarters and a Restaurant operated by Our affiliate in Longwood, Florida or at another location We designate. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, the number of new Restaurants being opened by Our affiliates and the timing of the scheduled openings of Restaurants to be operated by Our affiliates and franchisees generally. It is anticipated that the initial training program will be offered five or six times a year. The initial training program will generally last two weeks. We will provide instructors and training materials for the initial training of Your Operating Principal and General Manager at no additional charge to You. You may also have additional personnel trained by Us for the Restaurant, although We may charge $1,500 per person for that training. We will determine whether the Operating Principal and any General Manager have satisfactorily completed initial training. If the Operating Principal or General Manager does not satisfactorily complete the initial training program or if We determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training. Any Operating Principal or General Manager subsequently designated by You must also receive and complete the initial training. We reserve the right to charge a fee for the initial training We provide to a replacement or successor Operating Principal or General Manager, if We have not approved You to provide the training. If You fail to have a replacement manager attend training and be certified as meeting Our requirements, we may charge You a support fee of $50 per week until a replacement General Manager is trained or certified. You must pay for all expenses You and Your Operating Principal, General Manager and other personnel incur for any training program, including costs of travel, lodging, meals and wages.

If We approve You to provide training, you must, at Your expense, conduct the initial training program and other training programs for any replacement or successor Operating Principal, General Manager and other Restaurant personnel. In that case, we may require You to have any person You train receive Our training certification. You may have to pay a fee to Us (currently, $500) to obtain training certification for any of the Restaurant personnel described above. The fee charged would not exceed the per diem rate of the personnel conducting the certification and their expenses incurred in conducting the certification.

The Operating Principal, General Manager and other personnel must attend any additional training programs and seminars We offer. For all these programs and seminars, we will provide the instructors and training materials. If the training is mandatory, we will not charge You a fee for attending the training. We reserve the right to charge a fee for the additional training programs and seminars that We provide on an optional basis. You will also pay for all expenses You or Your Operating Principal, General Manager and other personnel incur in participating in any additional training, including costs of travel, lodging, meals, and wages.

For the opening of Your Restaurant, we will provide You with one of Our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and assistance to You for 2 to 3 days. This training and assistance will be provided to You at no additional expense. For any additional assistance requested by You and any similar assistance that We provide to a replacement Restaurant, if the premises are destroyed or the Restaurant must be closed for any other reason, We reserve the right to have You pay Us the per diem fee then being charged (currently, $500) to franchisees generally for trained representative assistance, including payment of any expenses the trained representative incurs, such as costs of travel, lodging, and meals.

We maintain a formal training staff who will be conducting the opening training described below. Dylan Shum-Drake will oversee training. Dylan recently joined FSUI but he has been managing restaurants and overseeing training since 2005. We may also draw on the substantial experience of other Restaurant personnel of Us or affiliates in conducting Restaurant operations training. The instructional materials used in the initial training are Our Operations Manual, marketing and promotion materials, programs related to the operation of the point of purchase system, and other written directives related to the operation of the Restaurant (collectively, the “Manuals”).

The subjects covered, hours of classroom and on the job training and instructions providing the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the-Job Training	Location
Orientation & Confidentiality	0	Approx. 8 hours	Longwood, Florida
Operations/ Food Preparation	0	Approx. 48 hours	Longwood, Florida
Personnel Mgmt & Scheduling	0	Approx. 10 hours	Longwood, Florida
Marketing	0	Approx. 8 hours	Longwood, Florida
Reports	0	Approx 6 hours	Longwood, Florida

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to You. The instructors have at least one year experience with Us in the field that is relevant to the subject taught and Our operations.

If You request or as We deem appropriate, we will, during the term of the Franchise Agreement, subject to the availability of personnel, provide You with additional trained representatives who will provide on-site remedial training to Your Restaurant personnel. For additional training that You request, You may have to pay the per diem fee then being charged (currently, $500) to franchisees under the System for the services of Our trained representatives, plus their costs of travel, lodging and meals. The per diem fee will not be charged if the assistance is based on Our determination that the training is necessary. We reserve the right to charge for Our expenses incurred in providing the assistance.

The Table of Contents for Our Operations Manual is attached as Exhibit E to this Disclosure Document. It contains 72 pages.

Site Selection: You must locate, obtain and develop a site for Your Restaurant within the Assigned Area as defined in Item 12. You must construct and equip Your Restaurant at the accepted site. You will select the site for the Restaurant subject to Our approval. The Restaurant may not be relocated without first obtaining Our written consent. Before You lease the site for Your Restaurant, you must locate a site that satisfies Our site selection guidelines. You must submit to Us in the form We specify a description of the site, including evidence that the site satisfies Our site selection guidelines, together with other information and materials that We may require, including a letter of intent or other evidence that confirms Your favorable prospects for obtaining the site. You must submit information and materials for the proposed site to Us for approval no later than 30 days after You have signed the Franchise Agreement. We will have 30 days after We receive this information and materials from You to approve or disapprove the proposed site as the location for the Restaurant. You must lease, at Your expense, the site for the Restaurant within 45 days after We approve it. You must obtain Our approval of any sale or lease contract before You sign it. If We and You cannot agree on a site within 3 months, we may terminate your Franchise Agreement.

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

We will also provide You an on-site evaluation of the proposed site, at no additional charge. We have the right to have You reimburse Us for Our expenses, which include the cost of travel, lodging, meals and wages. We will not provide an on-site evaluation for any proposed site before receiving the materials that You must submit to Us as described above. For additional on-site evaluations or if the Franchise Agreement does not relate to Your first Restaurant, we reserve the right to charge a fee for each evaluation in addition to Our expenses.

As described above in Items 8 and 10, We may make available for sublease to your locations for Restaurants. We do not need to obtain a site for You. If You choose to sublease a location from Us, you must sign the form of sublease agreement attached as Attachment 7 to the Franchise Agreement. Generally, we will make the locations available on the same terms as We have leased them from the Master Lessor. You must reimburse Us for any expenses incurred in acquiring the rights to lease the premises, including real estate consulting fees and legal fees. Under those circumstances, you will not need to follow the procedures for site selection described above.

We estimate that the time from the signing of the Franchise Agreement to the time you begin operations of Your Restaurant will be approximately 6 to 9 months. This time may be longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating Your Restaurant, including purchasing inventory and supplies. You must open Your Restaurant and begin business within the time period designated in your lease or Sublease. If You do not obtain a site from Us and do not construct the Restaurant within the time periods identified in Section II of the Franchise Agreement, we have the right to terminate the Franchise Agreement and not refund any money to you.

Computer and Electronic Cash Register Systems: As described in Items 6, 7 and 8, You must purchase and use the electronic cash register systems, and software that meet Our specifications and that are capable of electronically connecting with Our computer system. The system is used by Us to collect and monitor point of sale information and may be expanded to collect and monitor inventory control and shrinkage, payroll and accounting information, and credit card processing. We have developed certain database configuration Software specifically for tracking information relevant to the Restaurants' business which is proprietary to Us. No other compatible or comparable program has been approved by Us. You must pay the cost for Us to initiate access to Your system through Our monitoring software. We estimate this one-time cost will be $400 per Restaurant. We (or Our designee) will provide You updates to maintain the Software. Although We do not charge an initial license fee for the use of the Software, we (or Our designee) reserve the right to charge a fee to compensate Us for Our costs in preparing the updates and maintaining the Software in the future. There are no limitations on the frequency and cost of the updates.

Currently, we anticipate the cost of annual updates to range from $150 to $300 per year. You must sign the Software License Agreement attached as Attachment 6 to the Franchise Agreement, as described in Item 8.

The system is designed to enable Us to have independent access to the information stored and monitored by the system, and there is no contractual limitation on Our access or use of the information We obtain. You must install and maintain equipment and a telecommunication line in accordance with Our specifications to permit Us to access the electronic cash register (or other computer hardware and software) at the Restaurant premises as described above. This will permit Us to inspect and monitor electronically information concerning Your Restaurant's Gross Sales and any other information that may be contained or stored in the equipment and software. It is Your responsibility to make sure that We have access at the times and in the manner, we specify, at Your cost.

You must have a cash register/computer system. We do not specify the kind or type of computer system that you must obtain and operate, and we do not take on any responsibility for maintaining or upgrading any computer equipment or cash registers that you operate. The cost of the cash register/computer system ranges from $3,500 to $5,500. We cannot provide an estimate of the cost you will incur to maintain or upgrade the cash register and computer system that you select. The estimated cost of maintenance, updating, upgrading or support contracts for the computer system can range from $250 to $600 per year. Our only requirement is that your computer system must have a Modem and Internet access to be able to interface with our computer system. We may revise Our specifications for the hardware as We determine necessary to meet the needs of the System. There is no contractual limitation on Our ability to require the hardware be improved or upgraded.

It will be a material default under the Franchise Agreement if You fail to maintain the equipment, lines and communication methods in operation and accessible to Us at all times throughout the term of the Franchise Agreement.

You must, at Our option, sign the forms and documents that We deem necessary to appoint Us Your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to Us upon the termination or expiration of the Franchise Agreement: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Restaurant. You have no authority to establish any website or listing on the Internet or World Wide Web without Our express written consent.

You must not engage in any promotional activities or sell products, accessories or services, whether directly or indirectly, through the internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers.

ITEM 12: TERRITORY

Franchise Agreement: The Franchise Agreement grants You the right to operate a Restaurant at a single location that You select within the Assigned Area and that We approve ("Assigned Area"). Attachment 2 to the Franchise Agreement lists the specific street address of the accepted location and has a description of Your Assigned Area. You must operate the Restaurant only at this accepted location and may not relocate the Restaurant without first obtaining Our written consent. You may not establish or operate another Restaurant unless You enter into a separate Franchise Agreement. If your lease for the premises of the Restaurant terminates without your fault, or if the premises are damaged, condemned or otherwise unusable, or if in your and our reasonable judgment there is a change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, we shall grant permission to you for relocation of the Restaurant. If you do not yet have an Accepted Location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area listed in Attachment 2 instead.

During the term of the Franchise Agreement, We and Our affiliates will not establish a Restaurant or authorize any other person or entity to establish a Restaurant within the Assigned Area. The Assigned Area will generally be the contiguous property controlled by the landlord in which the Restaurant is located, such as a shopping mall. If your Restaurant is in a non-traditional area (as described below), the Assigned Area will be limited to the specific physical space occupied by the Restaurant. We will determine the Assigned Area before the Franchise Agreement is signed based on various market and economic factors such as an evaluation of market demographics, the market penetration of the System and similar businesses, the availability of appropriate sites and the growth trends in the market.

A "Non-Traditional Area" is defined in the Franchise Agreement as any area of retail sales establishments or food courts (other than in the retail shopping mall in which the Restaurant is located), airports, hospitals, cafeterias, commissaries, schools, hotels and stadiums, arenas, ballparks, festivals, fairs and other mass gathering locations or events, and the premises of certain customers with corporate campus or institutional feeding sites that have an agreement with Us to place a Restaurant in more than one of their facilities. 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.

We, our affiliates, and any other authorized person or entity may, at any time, advertise and promote the Restaurant in the Assigned Area. Our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same or similar to the System, and any of these restaurants might compete with Your restaurant. We and any of Our current or future affiliates may own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks and/or other operating systems, regardless of whether those businesses are the same, similar, or different from the Restaurant.

This offering is generally for a Restaurant of approximately 550 to 850 square feet located in a food court, or 800 to 1,500 square feet if located in an in-line space, in shopping malls with approximately 800,000 square feet or more. Generally, our franchise sites will not vary significantly from the food court, or in-line prototypes described above, but We do have sites in airport locations and may consider other locations on a case-by-case basis.

We and Our affiliates may also offer and sell and authorize others to offer and sell: (i) collateral products under the Marks at or from any location; (ii) food and beverage services under the Marks at or through any Food Systems Restaurant or other permanent, temporary or seasonal food service facility in any Reserved Area (as defined below), and (iii) any products or food and beverage services under any other names and marks. During the term of Your franchise agreement, we may be offered a location that is within Your Assigned Area for one of Our other concepts. We will give You an opportunity to acquire this location for one of those concepts. If You choose not to purchase that concept, We or Our Affiliate will have the right to open it for Ourselves or themselves.

You may sell Our proprietary products and related merchandise to customers who live anywhere but who choose to dine in Your Restaurant. You may not engage in any promotional activities or sell Our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of Your Assigned Area. You have no options, rights of first refusal, or similar rights to acquire additional franchises, except as described above related to Our other concepts.

Although We have not done so, We and Our affiliates may sell products under the Proprietary Marks within and outside Your Assigned Area through any method of distribution other than a dedicated Food Systems Restaurant, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside Your Assigned Area except as described in the following paragraph and You will not receive any compensation for Our sales through alternative distribution channels except as described in the following paragraph.

If We engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and We receive orders for any proprietary products or other products offered by a Restaurant calling for performance in Your Assigned Area, then We will offer the order to You at the price We establish. If You choose not to fulfill the order or are unable to do so, then We, one of Our affiliates or a third party We designate (including another franchisee) may fulfill the order, and You will not be entitled to any compensation in connection with this.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, except for Our other concepts. We describe earlier in this Item 12 what We may do anywhere and at any time.

Except for the Restaurants operated by Our affiliates, neither We nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned outlets which sell Our proprietary products or services under a different trade name or trademark, but We reserve the right to do so in the future, without first obtaining Your consent.

The territorial rights granted to You under the Franchise Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances under which the Assigned Area may be altered before expiration or termination of the Franchise Agreement.

Development Agreement: Under the Development Agreement, you are assigned a Territory where You will develop three or more Restaurants under a specified development schedule that is listed in Section III of the Development Agreement that You agree to before it is signed (the "Development Schedule"). The size of the Territory may be an Area of Dominant Influence or "ADI," a single or multi-county area, single state area or some other area, and will be described in Section I.A. of the Development Agreement. We will determine the Territory before You sign the Development Agreement based on various market and economic factors such as those described above regarding the Assigned Area.

Except as stated below, if You are in compliance with the Development Agreement, we will not establish or authorize any other person or entity, other than You, to establish a franchised Restaurant in any mall within the Territory during the term of the Development Agreement. The grant of these rights does not affect Our affiliates' rights to develop Restaurants within the Territory. We, any Food Systems Restaurant franchisee and any other authorized person or entity may, at any time, advertise and promote the System in the Territory. We and Our affiliates may also offer and sell and authorize others to offer and sell: (i) collateral products under the Marks at or from any location, (ii) food and beverage services under the Marks at or through any Food Systems Restaurant or other permanent, temporary or seasonal food service facility in any Reserved Area (as defined above) in the Territory; and (iii) any products or food and beverage services under any other names and marks. Your Territory is not exclusive. You may face competition from Our affiliates, from outlets that We own, or from other channels of distribution or competitive brands that We control.

If We become aware of an available site located in a mall within the Territory during the term of the Development Agreement, and We or Our affiliates do not elect to establish a company-owned or affiliate-owned Food Systems Restaurant at the site, we will provide You written notice that the site is available. If You are in full compliance with Your Development Schedule and all other terms of the Development Agreement and any franchise agreement or other agreement between You and Us and/or Our affiliates, we will offer You a right of first refusal to establish a franchised Restaurant at the proposed site. Once We provide You notice that the site is available, you must notify Us in writing within 10 days after You receive the notice whether You want to obtain the rights to develop a franchised Restaurant at the site. You must sign a Franchise Agreement to establish a franchised Restaurant at the site within 10 days after delivering notice to Us of Your intent to exercise the right of first refusal. Any Food Systems Restaurant You establish under this procedure will, at Your option, be included in the number of Restaurants You must establish under the Development Schedule contained in Attachment 3 to the Development Agreement. If You choose not to develop the location, we have the right to develop that site Ourselves, through an affiliate, another franchisee, or through any other authorized third party.

You must exercise the development rights only by entering into a separate Franchise Agreement with Us for each Restaurant. We may, in Our discretion, permit You to exercise the development rights through affiliated entities that are either your wholly owned subsidiaries or commonly controlled entities with ownership identical to Yours. The Franchise Agreement for the first Restaurant You develop under the Development Agreement must be signed and delivered to Us at the same time the Development Agreement is signed and delivered and will be in the form of the Franchise Agreement attached to this Disclosure Document. All additional Restaurants developed under the Development Agreement must be established and operated under Our form of Franchise Agreement then being used by Us for Restaurants under the System. The then-current form of Franchise Agreement may differ from the form attached to this Disclosure Document. We will designate the site of each restaurant you develop in accordance with our then-current standards.

The territorial rights granted to You under the Franchise Agreement or the Development Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency, nor may the Territory be altered before the Development Agreement expires or terminates.

You must notify Us in writing at least 60 days before the Projected Opening Date that You will be unable to complete construction and begin operating the Restaurant. At the same time, you provide Us with the written notice, you must pay an extension fee of $5,000.

If You fail to open a Restaurant in compliance with the Development Schedule as required in the Development Agreement, or commit a material event of default under the Development Agreement as described in Item 17, We may, in addition to Our other remedies, terminate or modify Your territorial rights, reduce the area of territorial rights, reduce the number Restaurants that You may establish, or accelerate the development schedule under the Development Agreement. There are no other circumstances that permit Us to modify Your territorial rights.

If We elect to establish or permit a third party to establish permanent or temporary food service facilities in a Non-Traditional Area, we will, as a matter of policy, notify You and consider any request by You within the Assigned Area or Territory to operate the facility under a license arrangement with Us. We also will consider certain other factors, including competitive activities in the market, the characteristics of the market, the positive or negative effect of the new facility on existing franchisees and the franchise System as a whole, whether You are in compliance with Your franchise agreement or development agreement, and Our experience in similar circumstances. Any decision We make to establish or to permit a third party to operate a facility is within Our sole discretion.

Except as described above, we generally do not grant any right of first refusal to obtain additional Restaurant locations. If You wish to obtain an additional location, you must either have entered into a Development Agreement that grants You the right to establish more than three Restaurants or enter into a separate Franchise Agreement for the additional location.

ITEM 13: TRADEMARKS

The Franchise Agreement grants You the right to use the trademarks, trade names, service marks, symbols, emblems and logos designated by Us, including the Marks described in Item 1. These Marks may be used only in the manner We authorize and only for the operation of Your Restaurant at the location specified in the Franchise Agreement.

You may not use the Marks as a part of Your corporate or other legal name, and You must comply with Our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents We require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of Our ownership of, or Our or any of Our affiliate's rights in and to, the Marks.

We have registered the following principal Marks with the U.S. Patent and Trademark Office ("USPTO"):

Registration Number	Date of Registration	Register	Mark
2093805	September 2, 1997	Supplemental	Asian Chao
2093804	September 2, 1997	Supplemental	Chao Cajun
2531409	January 22, 2002	Principal	Maki of Japan
2423535	January 23, 2001	Principal	Plate and Chopsticks design
3626263	May 26, 2009	Principal	Asian Chao
3626264	May 26, 2009	Principal	Chao Cajun
4294926	February 26, 2013	Principal	TOBU

We have filed all required affidavits and renewed Our registrations for the Asian Chao and Chao Cajun Marks on the Supplemental Register. We have filed all affidavits and intend to renew Our registrations for the Asian Chao and Chao Cajun Marks that are on the Principal Register when they become due. We have filed all required affidavits and renewed Our registrations for the Maki of Japan Mark and the Plate and Chopsticks design Mark. We intend to file all required affidavits and to renew the TOBU Mark when it becomes due.

There are no currently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, nor is there any pending infringement, opposition, cancellation proceedings or litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

There are no agreements currently in effect which limit Our rights to use or license the use of the Marks.

We know of no superior prior rights or infringing uses of any Mark that could materially affect Your use of the Marks in this or any other state.

You must immediately notify Us of any apparent infringement of the Marks or challenge to Your use of any of the Marks or claim by any person of any rights in any of the Marks. You and Your Principals are not permitted to communicate with any person other than Us or any designated affiliate, their counsel and Your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative agency proceeding caused by any infringement, challenge or claim under any of the Marks. You must sign any and all documents and do what may, in Our counsel's opinion, be necessary or advisable to protect Our interests in any litigation or USPTO or other administrative agency proceeding or to protect and maintain Our interests and the interests of any other person or entity having an interest in the Marks.

We will indemnify You against and reimburse You for all damages for which You are held liable for Your use of any of the Marks, if the conduct of You and Your Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as stated above, we do not need to protect any rights granted to You to use the Marks or to protect You against claims of infringement or unfair competition concerning them. Although We are not contractually obligated to protect the Marks or Your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

You must, at Your expense, discontinue or modify Your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos or emblems if We determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to You. We and Our affiliates have and retain the rights in the Marks including:

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

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

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

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We have no patents, pending patents or registered copyrights that are material to the Food Systems Restaurant franchise.

Confidential Manuals: You must operate Your Restaurant in accordance with the standards and procedures specified in the Manuals. One copy of the Manuals will be loaned to You by Us for the term of the Franchise Agreement.

You must treat the Manuals and any other manuals We create or approve for use in Your operation of the Restaurant, and the information contained in them, as confidential. You must also use your best efforts to maintain this information as secret and confidential and You must not duplicate, copy, record or reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manuals remain Our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Manuals and You must comply with each new or changed standard. You must also make sure that the Manuals are always kept current. If there is a dispute as to the contents of the Manuals, the terms of the master copy maintained by Us at Our home office will be controlling. You must return to Us all the pages that are replaced in the Manuals.

Confidential Information: We claim proprietary rights in certain of Our recipes which are included in the Manuals, and which are Our trade secrets. You and each of Your Principals (collectively, "You" or "Your", for this section) are prohibited, during and after the term of the Franchise Agreement, from communicating or using for the benefit of any other person or entity, and, after the term of the Franchise Agreement, from using for Your benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Restaurant that may be communicated to You or that You may learn about, including these trade secrets. You can divulge this confidential information only to Your employees who must have access to it to operate the Restaurant. You are not permitted at any time, without first obtaining Our written consent, to copy, record or reproduce the materials or information or make them available to any unauthorized person. All information, knowledge, know-how and techniques related to the System that We communicate to You, including the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

Your General Manager and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality Non-Disclosure and Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 5. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms.

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

Software: The database configuration upgrades that We provide You must be treated as confidential information. You are prohibited from copying or reproducing or making them available to any unauthorized person. You must not use the database configuration if the Franchise Agreement is terminated or expires.

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

When You sign the Franchise Agreement, you must designate and always retain an individual to serve as the "Operating Principal". If You are an individual, you must perform all obligations of the Operating Principal. If You are a corporation, partnership or other form of entity, the Operating Principal must be one of Your Principals and must hold an ownership interest in You or any entity that directly or indirectly controls You. Except as stated in the Agreements, the Operating Principal's interest in You must remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or option.

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

The Operating Principal (and any designee) must meet Our standards for this position, as stated in the Manuals or other written instructions. The Operating Principal (or his designee) must satisfy the training requirements.

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

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

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with You, from Your General Manager and any of Your other personnel who have received or will have access to Our training before employment, and any holder of a beneficial interest in You. You must have all of Your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to base on their relationship with You. These covenants will be in substantially the same form attached to the Franchise Agreement as Attachment 5 and the Development Agreement as Attachment 2. We reserve the right, in Our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph.

Under Article XIX of the Franchise Agreement, you hereby grant to us a security interest in all of your interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Restaurant, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefor, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of you to us. You agree to execute and deliver to us in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. A sample UCC-1 Financing Statement is attached as Exhibit H to this Disclosure Document.

If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Attachment 10.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all Our standards and specifications for the purchase of all food, food products and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including electronic cash register, computer hardware and software), utensils and other kitchen items and products used or sold at the Restaurant.

You must sell or offer for sale all menu items, food products, and other products and services We specify, in the manner and style We require, including dine-in and carry-out, as expressly authorized by Us in writing. You must sell and offer for sale only the menu items and other products and services that We have expressly approved in writing. You must not deviate from Our standards and specifications without first obtaining Our written consent. You must discontinue selling and offering for sale any menu items, products or services that We may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by You at the Restaurant at any time, and there are no limits on Our right to make those changes. You must only sell approved menu items as dictated by the landlord in the lease.

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

You must keep Your Restaurant very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor, as We may direct in Our discretion. You must not make any changes to the premises without obtaining Our written consent before You make the changes. You must obtain and pay for any new or additional equipment, including electronic cash registers, computer hardware and software, fixtures, supplies and other products and materials that You must have to offer and sell new menu items from the Restaurant or to provide the Restaurant's services by alternative means, like carry-out arrangements.

We may ask You to make other improvements to modernize the Restaurant premises, equipment, including electronic cash registers, computer hardware and software, signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials needed to operate the Restaurant, to Our then-current standards and specifications. You must, at Our request, make the capital improvements or modifications described in the Franchise Agreement (i) on or before the fifth anniversary of the date You signed the Franchise Agreement or (ii) at any time during the term of the Franchise Agreement, when a majority of the Restaurants that We or Our affiliates operate have made or are exercising their best efforts to make the improvements or modifications. We may also request that Your Restaurant be modernized if and when the franchise is transferred, or You renew Your Franchise Agreement.

We may offer guidance concerning the selling price for the goods, products and services offered from Your Restaurant. Except for maximum prices described below, you are in no way bound to adhere to any recommended or suggested price. You have the right to sell Your products and provide services at any price that You determine, except that We reserve the right to establish maximum prices for any given product or service nationwide or within an advertising market (as determined by Us). You must not exceed any maximum price We establish, but You at all times remain free to charge any price below the maximum We establish. You must sign any documents or other writings We need to provide these products and services. If You elect to sell any or all of Your products or merchandise at any price recommended by Us, we make no guarantees or warranties that offering these products or merchandise at the recommended price will enhance Your sales or profits.

We and Our affiliates have developed products for use in the System that are prepared from confidential recipes and that are trade secrets of Ours and certain products that bear Our Marks. Because of the importance of quality and uniformity of production and the significance of the proprietary recipe and trademarked products in the System, it is to Our and Your benefit that We closely control the production and distribution of the products. You must use Our proprietary recipe products. You must purchase all of these products only from Us or from sources designated by Us.

All advertising and promotional materials, signs, decorations, and paper goods used in the Restaurant and on any other items that We designate must have the Marks in the form, color, location and manner We specify.

We may make available and may have You purchase from Us for resale to Your customers certain promotional merchandise, such as T-shirts and re-fill cups, in amounts sufficient to meet Your customer demand.

We do not impose any other restrictions in the Franchise Agreement as to the goods or services that You may offer or sell or as to the customers to whom You may offer or sell.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Category	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section III.A	10 years; Term continues for the term of the Master Lease
b. Renewal or extension of the term	Section III.B	If you are in good standing, and subject to contractual requirements, we will offer You the right of first refusal for the successor term if renewal of lease can be obtained, unless we have determined, in our sole discretion, to withdraw from the geographical location where your Restaurant is located.

Category	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section III.B(1) - (8)	You must give at least twenty-four months' notice, repair and update equipment and Food Systems Restaurant premises, not be in breach of any agreement with Us or Our affiliates, execute a lease directly with the landlord in your name, have the right to remain in possession of Food Systems Restaurant premises, pay the successor agreement fee, sign current agreement and general release, and comply with current qualification and training requirements You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees in the successor agreement will not be greater than the fees that We then impose on similarly situated franchisees with successor agreements.
d. Termination by franchisee	None	You may seek termination upon any grounds available by law.
e. Termination by franchisor without cause	Not applicable	The Franchise Agreement will terminate upon your death or permanent disability and the Franchised Business must be transferred within six months to a replacement franchisee that we approve.
f. Termination by franchisor with "cause"	Section XVII.A(1)	Each of Your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination
g. "Cause" defined - curable defaults	Section XVII.B	We may terminate You for cause if You fail to cure certain defaults, including: If You or any of Your affiliates fail to pay any monies owed to Us, or Our affiliates or vendors, and do not cure within 5 days after notice (or longer period required), fail to obtain signatures on the Confidentiality and Non-competition Covenants contained in the Franchise Agreement within five days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure

Category	Section in Franchise Agreement	Summary
		any other default that is susceptible of cure within 30 days after notice
h. “Cause” defined - defaults which cannot be cured	Sections XVII.A(2) and (3)	We may terminate You for cause if You fail to cure certain defaults, including: If You or any of Your owners become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against You under federal bankruptcy laws, have outstanding judgments against You for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Food Systems Restaurant when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Food Systems Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without Our consent or maintain false books or records
i. Franchisee’s obligations on termination/non-renewal	Section XVIII	Obligations include: You must stop operating the Food Systems Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to Us or Our affiliates, return all Manuals and software and other proprietary materials, comply with confidentiality requirements, and at Our option, sell or assign to Us Your rights in the Food Systems Restaurant premises and the equipment and fixtures used in the business
j. Assignment of contract by Franchisor	Section XIV.A	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction
k. “Transfer” by franchisee - defined	Section XIV.B(1)	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Food Systems Restaurant or You (if You are not an individual)

Category		Section in Franchise Agreement	Summary
l.	Franchisor approval of transfer by franchisee	Section XIV.B(2)	You must obtain Our consent before transferring any interest. We will not unreasonably withhold Our consent.
m.	Conditions for franchisor approval of transfer	Section XIV.B(2)	Conditions include: You must pay all amounts due Us or Our affiliates, not be in default for any reason, sign a general release, and pay a transfer fee. Transferee must meet Our criteria, attend training and sign current Franchise Agreement
n.	Franchisor's right of first refusal to acquire franchisee's business	Section XIV.D	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions
o.	Franchisor's option to purchase franchisee's business	Sections XVIII.L and XIV.D	Other than assets on termination, non-renewal or right of first refusal, we have no right or obligation to purchase Your business
p.	Death or disability of franchisee	Section XIV.E	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchised Business must be transferred within six months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section X.C(1)	You are prohibited from operating or having an interest in a similar business
r.	Non-competition covenants after the franchise is terminated or expires	Section X.C(2)	You and Your Principals are prohibited from operating or having an interest in a similar business which is located, or is intended to be located, within a 50-mile radius of any Food Systems Restaurant in existence or under construction as of the expiration or termination of, or the transfer of all Your interest in, the Franchise Agreement
s.	Modification of the agreement	Sections X.A(5) and XIX.B	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manuals as amended
t.	Integration/merger clause	Section XX. B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement may not be enforceable.

Category	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Sections XIX.G, H, I, J, K, L and M	Except for actions brought by Us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at Our headquarters in Longwood, Florida
v. Choice of forum	Section XIX.H	The venue for all proceedings related to or arising out of the Franchise Agreement in Seminole County, Florida, subject to applicable state law (see Disclosure Document Addendum and State Amendments to Agreements)
w. Choice of Law	Section XIX.H	The Franchise Agreement is to be interpreted, governed and construed under Florida law (except for Florida choice of law rules) (see Disclosure Document Addendum and State Amendments to Agreement)

THE DEVELOPER RELATIONSHIP

Category	Section in Development Agreement	Summary
a. Length of the term	Section V	Term continues until You have completed Your development obligations in accordance with the Development Schedule
b. Renewal or extension of the term	Section III.B	We may extend the term of the Development Agreement to allow You to develop additional Restaurants
c. Requirements for Developer to renew or extend	Sections III.B(2) and (3)	You must develop the additional Restaurants You may be asked to sign a contract with materially different terms and conditions than Your original contract, but the fees on renewal will not be greater than the fees that We then impose on similarly situated renewing developers
d. Termination by Developer	Not applicable	Not applicable
e. Termination by Franchisor without cause	Not applicable	Not applicable

Category	Section in Development Agreement	Summary
f. Termination by Franchisor with "cause"	Sections VI.A - D	Following certain defaults, we may terminate the Agreement of modify Your territorial rights or alter Your Development Schedule, rather than terminate the Agreement
g. "Cause" defined - curable defaults	Sections VI.C	We may terminate You for cause if You fail to cure certain defaults, including: If You or Your affiliates fail to pay any monies owed to Us, or Our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signatures on the Confidentiality and Non-competition Covenants contained in the Agreement within 30 days after a request, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice or fail to cure any other default that is susceptible of cure within 30 days after notice. If You have both a Development Agreement and a Franchise Agreement, any uncured default under one is also a default under the other
h. "Cause defined - defaults which cannot be cured	Sections VI.A and B	We may terminate You for cause based on certain non-curable defaults, including: If You or any of Your owners become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against You under federal bankruptcy laws or similar state laws, have outstanding judgments against You for over 30 days, fail to comply with the Development Schedule, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, or transfer any interest without Our consent
i. Developer's obligations on termination/non-renewal	Sections VI. E	Obligations include: You must stop developing Food Systems Restaurants or, on a partial termination of territorial or development rights under Section VII.D, must continue to develop only in accordance with any modified

Category	Section in Development Agreement	Summary
		Development Schedule, and must comply with all applicable confidentiality and non-competition covenants
j. Assignment of contract by Franchisor	Section VII.A	We have the right to transfer or assign the Development Agreement to any person or entity without restriction
k. "Transfer" by Developer - defined	Section VII.B(1)	Includes sale, assignment, conveyance, gift, pledge, mortgage or other disposal or encumbrance of any direct or indirect interest in the Agreement or You (if You are not a natural person)
l. Franchisor approval of transfer by Developer	Section VII.B(2)	You must obtain Our consent before transferring any interest. We will not unreasonably withhold Our consent.
m. Conditions for Franchisor approval of transfer	Section VII.B(2)	Conditions include: You must pay all amounts due Us and Our affiliates, not be in default for any reason, sign a general release, remain liable for pre-transfer obligations and pay a transfer fee. Transferee must meet Our criteria, assume post-transfer obligations, sign Our then-standard Agreement and attend training
n. Franchisor's right of first refusal to acquire Developer's business	Section VII.C	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party
o. Franchisor's option to purchase Franchisee's business	Not applicable	Not applicable
p. Death or disability of Developer	Section VII.D	The rights granted under the Multi-Unit Development Agreement will terminate upon your death or permanent disability, unless transferred to a third-party approved by us within six months.
q. Non-competition covenants during the term of the Development Agreement	Section VIII.C	Except for Food Systems Restaurants You operate under Franchise Agreements with Us, you are prohibited from operating or having an interest in a similar business in the U.S. or anywhere else We have used, registered or sought to register the Marks or where We operate or license others

Category	Section in Development Agreement	Summary
r. Non-competition covenants after the Development Agreement are terminated or expires	Section VIII.D	Except for Food Systems Restaurants You operate under Franchise Agreements with Us, You and Your Principals are prohibited from operating or having an interest in a similar business which is located, or is intended to be located, within a 50-mile radius of any Food Systems Restaurant or food service facility in existence or under construction as of the expiration, termination, or the transfer of all of Your interest in the Agreement
s. Modification of the agreement	Sections IX.G and XIV.A	Agreement may not be modified unless mutually agreed to in writing, except We may unilaterally decrease the scope of certain non-competition covenants
t. Integration/merger clause	Section XIV.A	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections XIV.B, C, D, E, F, G and H	Except for actions brought by Us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at Our headquarters in Longwood, Florida
v. Choice of forum	Section XIV.C	The venue for all proceedings related to or arising out of the Agreement is Longwood, Florida, unless subject to applicable state law (see Disclosure Document Addendum and State Amendments to Agreements)
w. Choice of law	Section XIV.C	The Agreement is to be interpreted and construed under Florida law (except for Florida choice of law rules) (see Disclosure Document Addendum and State Amendments to Agreements)

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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, 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 Biagio Schiano at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750 and (407) 830-5338, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022, 2023, 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	52	48	-4
	2023	48	45	-3
	2024	45	41	-4
Company-Owned	2022	11	7	-4
	2023	7	7	0
	2024	7	8	+1
Total Outlets	2022	63	55	-8
	2023	55	52	-3
	2024	52	49	-3

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022, 2023, 2024

State	Year	Number of Transfers
Florida	2022	1
	2023	0

State	Year	Number of Transfers
	2024	0
Maryland	2022	1
	2023	0
	2024	0
Total	2022	2
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For years 2022, 2023, 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
FL	2022	16	2	1	0	0	0	17
	2023	17	0	0	1	0	0	16
	2024	16	0	1	0	0	0	15
GA	2022	6	0	1	0	0	0	5
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
IL	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
IN	2022	8	0	0	0	0	3	5
	2023	5	0	0	1	0	0	4
	2024	4	0	2	0	0	0	2
MA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
MD	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NJ	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	1	0	0	0	3
NY	2022	2	0	1	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
OH	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
PA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
TN	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
TX	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	52	2	3	0	0	3	48
	2023	48	0	0	3	0	0	45
	2024	45	0	3	0	1	0	41

We have one licensee in the State of Florida who operates one Restaurant in Indiana, one Restaurant in Illinois, and one Restaurant on Kentucky.

Table No. 4

Status of Company-Owned Outlets
For years 2022, 2023, 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
FL	2022	10	0	0	2	2	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
MA	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
	2024	0	0	1	0	0	1
NY	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	11	0	0	2	2	7
	2023	7	0	0	0	0	7
	2024	7	0	1	0	0	8

Note: All of the above outlets are owned by our affiliates.

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	1	2
Massachusetts	0	0	1
New York	0	0	1
North Carolina	0	1	0
TOTALS	0	2	4

A list of the names of all franchisees and developers and the addresses and telephone numbers of their businesses are provided in Exhibit D to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Development Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit D to this Disclosure Document. If You buy this franchise, your contact information may be disclosed to other buyers when You leave the franchise system.

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

There are no trademark-specific organizations formed by Our franchisees that are associated with the System.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are Our audited financial statements as of December 31, 2022, December 31, 2023, and December 31, 2024. Also included in Exhibit A is our unaudited financials as of June 30, 2025.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B, Exhibit C, and the Acknowledgement Statement as Exhibit I. These include our Franchise Agreement and all attachments to it (Acknowledgement Statement, Marks, Territory Description, Minimum Sales Requirement, General Release, Statement of Ownership Interests in Franchisee, Spousal Guaranty, and Confidentiality and Non-Compete Agreement).

ITEM 23: RECEIPTS

Attached are two copies of an acknowledgment of receipt by You, acknowledging receipt of this Disclosure Document by You, together with accompanying documents. Please sign and date both, keeping one for Your files.

EXHIBIT A

FINANCIAL STATEMENTS

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

December 31, 2024 and 2023

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MKA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Food Systems Unlimited, Inc. and Affiliates
Longwood, Florida

Opinion

We have audited the accompanying combined financial statements of Food Systems Unlimited, Inc. (a Florida corporation) and Affiliates, which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of income, changes in owners' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Food Systems Unlimited, Inc. and Affiliates as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Restatement of Prior Year Financial Statements

As discussed in Note N to the combined financial statements, the 2023 financial statements were restated to properly reflect the transition of a franchise store to a corporate store which was incorrectly accounted for in the 2023 financial statements. Our opinion is not modified with respect to this matter.

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 Food Systems Unlimited, Inc. and Affiliates 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Systems Unlimited, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the combined 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 combined 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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 combined 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 combined 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 combined 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 Food Systems Unlimited, Inc. and Affiliates' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Systems Unlimited, Inc. and Affiliates' 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedules of selling, general and administrative expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Moss, Krusick & Associates, LLC

Winter Park, Florida
May 15, 2025

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023 (as restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,938,181	$ 6,548,091
Royalty fees receivable	3,426,170	1,918,715
Other receivables	599,526	689,680
Inventories	86,112	84,131
Prepaid expenses	527,554	619,251
Notes receivable, current portion	324,580	347,174
Total current assets	12,902,123	10,207,042
PROPERTY AND EQUIPMENT, net	1,885,556	2,051,557
OPERATING LEASE RIGHT-OF-USE ASSETS	22,270,507	23,413,476
OTHER ASSETS		
Notes receivable, long-term portion	379,617	536,626
Intangibles, net	176,854	109,912
Deferred contract costs	12,574	13,906
Deposits	23,158	25,738
Total other assets	592,203	686,182
Total assets	$ 37,650,389	$ 36,358,257
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 455,638	$ 808,717
Accrued expenses	750,799	854,603
Deferred fees, current portion	129,693	116,574
Operating lease liability	3,875,063	3,410,504
Total current liabilities	5,211,193	5,190,398
LONG-TERM LIABILITIES		
Line of credit	250,000	250,000
Deferred fees, long-term portion	682,126	515,616
Loans from related parties	239,681	465,441
Non-current operating lease liability	19,506,016	20,819,599
Total long-term liabilities	20,677,823	22,050,656
Total liabilities	25,889,016	27,241,054
OWNERS' EQUITY	11,761,373	9,117,203
Total liabilities and owners' equity	$ 37,650,389	$ 36,358,257

The accompanying notes are an integral part of these combined financial statements.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED STATEMENTS OF INCOME
Years Ended December 31, 2024 and 2023

	2024	2023 (as restated)
REVENUES		
Sales	$ 27,483,616	$ 25,412,899
Royalties and other fees	3,702,824	4,142,951
Total revenues	31,186,440	29,555,850
COST OF SALES	5,577,178	4,762,365
GROSS PROFIT	25,609,262	24,793,485
OPERATING EXPENSES		
Selling, general and administrative expenses	17,194,347	16,209,039
Depreciation and amortization	526,521	470,327
Total operating expenses	17,720,868	16,679,366
INCOME FROM OPERATIONS	7,888,394	8,114,119
OTHER INCOME (EXPENSE)		
Gain on disposal of assets	21,295	9,196
Other income	1,427,375	1,624,374
Interest income	210,478	139,249
Interest expense	(48,174)	(56,527)
Total other income	1,610,974	1,716,292
NET INCOME	$ 9,499,368	$ 9,830,411

The accompanying notes are an integral part of these combined financial statements.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED STATEMENTS OF CHANGES IN OWNERS' EQUITY
Years Ended December 31, 2024 and 2023

	Common Stock	Paid in Capital	Retained Earnings (as restated)	Total (as restated)
Balance at December 31, 2022	$ 2,045	$ 1,264,108	$ 9,520,654	$ 10,786,807
Distributions	-	-	(11,500,015)	(11,500,015)
Net income	-	-	9,830,411	9,830,411
Balance at December 31, 2023	2,045	1,264,108	7,851,050	9,117,203
Distributions	-	-	(6,855,198)	(6,855,198)
Net income	-	-	9,499,368	9,499,368
Balance at December 31, 2024	$ 2,045	$ 1,264,108	$ 10,495,220	$ 11,761,373

The accompanying notes are an integral part of these combined financial statements.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 9,499,368	$ 9,830,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash rent	293,945	378,147
Depreciation and amortization	526,521	470,327
Gain on disposal of assets	(21,295)	(9,196)
Deferred contract costs	1,332	1,524
Bad debt expense	-	176,122
Accrued interest on related party loans	15,240	19,480
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Royalty fees receivable	(1,507,455)	(1,037,144)
Other receivables	90,154	(55,966)
Inventories	(1,981)	(19,960)
Prepaid expenses	91,697	(64,902)
Deposits	2,580	-
(Decrease) increase in:		
Accounts payable	(351,005)	245,356
Accrued expenses	(103,804)	26,805
Deferred income	179,629	(71,640)
Net cash provided by operating activities	8,714,926	9,889,364
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for issuance of notes receivable	(845,977)	(654,633)
Collection of notes receivable	1,023,506	1,080,709
Proceeds from disposition of property and equipment	25,000	70,000
Purchase of intangible assets	(100,000)	(30,000)
Purchase of property and equipment	(331,167)	(1,076,816)
Net cash used in investing activities	(228,638)	(610,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	750,000
Payments on line of credit	-	(500,000)
Proceeds from related party loans	-	99,000
Payments on related party loans	(241,000)	-
Distributions	(6,855,198)	(11,500,015)
Net cash used in financing activities	(7,096,198)	(11,151,015)
Net increase (decrease) in cash	1,390,090	(1,872,391)
Cash and cash equivalents, beginning of year	6,548,091	8,420,482
Cash and cash equivalents, end of year	$ 7,938,181	$ 6,548,091
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 32,935	$ 37,047
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	$ 2,655,063	$ 103,541
Operating lease liability	(2,655,063)	(103,541)

The accompanying notes are an integral part of these combined financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Food Systems Unlimited, Inc. and its Affiliates (Companies) is presented to assist in understanding the Companies' financial statements. The combined financial statements and notes are the representation of the Companies' management who is responsible for the integrity and objectivity of the combined financial statements. These accounting policies conform to generally accepted accounting principles consistently applied in the preparation of the combined financial statements in the United States.

1. Operations

Food Systems Unlimited, Inc. (FSU) provides management services for this group of related companies, which are related by common ownership, engaged in the retail sales of quick service food under trade names (Asian Chao, Chao Cajun, Maki of Japan, Wok Express, Sushi Fuji, and Tobu). All are either Florida corporations or Florida limited liability companies.

Ao Shun, Inc. (Ao Shun), Bai Ying, LLC (Bai Ying), China Chao, Inc. (China Chao), Livello Finito, Inc. (Livello), Xiang Yuan, LLC (Xiang Yuan) and Yuk Ming, Inc. (Yuk Ming) in total, operate 8 quick service restaurants in malls throughout the United States. In addition, there are 37 franchised locations that are operated by third party licensees. Indefinito, Inc. (Indefinito) holds the lease on one franchise. Hui Jin, LLC (Hui Jin) does not have any stores and is set up to hold rebates. Xiang Shun, Inc. (Xiang Shun) sold its two corporate stores in 2022, and ceased operations in 2023. In 2023, ownership of Xiang Yuan was transferred to FSU. Tang Chao, LLC (Tang Chao) was established by FSU during 2024 but did not begin operating a store until January 1, 2025.

2. Principles of Combination

The combined financial statements include the accounts of the company (FSU) and its affiliated companies (Ambiente, Ao Shun, Bai Li, Bai Ying, China Chao, Livello, Michele, Yuk Ming, Xiang Shun, Xiang Yuan, Tang Chao, Indefinito, and Hui Jin). All significant intercompany accounts and transactions are eliminated in the combined financial statements. All of the previously named entities are controlled personally by the majority shareholder, with the exception of Yuk Ming and Xiang Yuan which are owned 25% by an unrelated party. Ambiente and Michele are non-operating entities holding notes receivable.

FSU leases office space from Peng Da, LLC (Peng Da), a company with common ownership. FSU has elected not to apply variable interest entity guidance for whether it should consolidate Peng Da as permitted by Accounting Standards Update (ASU) 2014-07, (Topic 810)*: Applying Variable Interest Guidance to Common Control Leasing Arrangements*.

3. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Revenue Recognition

The Companies follow ASU 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Companies, in addition to owning and operating various restaurants, license and franchise retail locations to third party licensees to operate under its trade names (Asian Chao, Chao Cajun, Maki of Japan, Wok Express, Sushi Fuji, and Tobu) throughout the United States.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Revenue Recognition (continued)

The Companies generally require cash or credit card payment at the point of sale at its retail restaurants. Revenues are recognized at the point of sale.

Royalty fees are charged to franchised locations which are owned and operated by third party licensees for ongoing services such as management training and use of trade names. The majority of the royalty fees are calculated as approximately 6% of licensees' total reported sales and are recognized on a monthly basis when earned. Royalty fees are usually received in the following month that royalty fees are earned. Royalty fees receivable represent royalty fees earned but not received from licensees at December 31, 2024 and 2023.

License and lease fees, and location fees, which are included in royalties and other fees in the Combined Statements of Income, represent upfront initial fees that are typically paid prior to the store opening, upfront successor fees that are generally paid upon execution of the successor franchise agreement, and transfer fees that are generally paid when an existing agreement is transferred to another franchisee.

Other income primarily includes rebates from vendors which are recognized as earned based on various purchase agreements, and gains from disposition of assets, which are recognized when the dispositions are completed. Other receivables primarily consist of rebates earned from food purchases but not received from vendors at December 31, 2024 and 2023.

Deferred marketing fees represent upfront fees received for maximizing the sale of certain foundation beverages in stores which are earned and recognized in other income as beverages are purchased over the term of the marketing agreement.

Deferred franchise fees represent franchise fees received but not yet earned. They are recognized over the term of the franchise agreement.

5. Allowance for Credit Losses

The Companies assess the collectability of notes and accounts receivable on a periodic basis. As of December 31, 2024 and 2023, the Companies determined that all amounts were collectible and therefore no allowance for credit losses was considered necessary.

6. Inventories

Inventories consist of food and paper products and are valued at the lower of cost or net realizable value, determined by the FIFO (first-in, first-out) method.

7. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the respective assets. Repairs and maintenance costs are expensed as incurred. Significant betterments are capitalized.

8. Intangibles

Closing costs incurred in obtaining and securing leases for the expansion of new locations and for renewing existing leases are capitalized and amortized on the straight-line basis over the term of the leases.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Leases

The Companies determine if an arrangement is or includes a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under ASU 2016-02, *Leases* (Topic 842), a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Companies also consider whether its service arrangements include the right to control the use of an asset.

Practical expedients and policy elections are available under the guidance, which was effective at adoption. The Companies elected the package of practical expedients permitted under the transition guidance which did not require reassessment of whether contracts entered into prior to adoption are or contain a lease, and allowed carry forward of the historical lease classification for existing leases.

The Companies have elected to apply the short-term lease exception to all leases with a term of one year or less. For all other leases, the Companies recognize right-of-use (ROU) asset and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or January 1, 2022 for existing leases upon the adoption of Topic 842). The Companies have also elected to use the risk-free discount rate for its leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website based on similar terms to the lease agreement.

The Companies made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

10. Fair Value Measurement

The Companies account for financial assets in accordance with Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value. The fair value measurement disclosures are grouped into three levels based on valuation factors: Level 1 - quoted prices in active markets for identical assets or liabilities, Level 2 - significant other observable inputs, and Level 3 – significant unobservable inputs. At December 31, 2024 and 2023, the Companies have no instruments that require additional disclosure. The carrying amounts of the Companies' combined financial instruments, including cash and cash equivalents, notes receivable, receivables, payables, line of credit, and notes payable approximate fair value because of the short period to maturity for these instruments and/or market interest rates.

11. Income Taxes

All of the companies, with the consent of their shareholders, have elected under the Internal Revenue Code and comparable state regulations, to be taxed as S Corporations. In lieu of corporate income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Companies' taxable income. Therefore, no provisions of liability for federal income taxes have been included in the accompanying financial statements. Various states and localities tax S Corporation income, and, accordingly, the appropriate income tax has been recorded.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Income Taxes (continued)

Income taxes are provided based on earnings reported in the combined financial statements. Certain items of expense are recognized for local (cities and states) income tax purposes in different periods from those in which such items are recognized for financial reporting purposes, including changes in depreciation and interest. Deferred income taxes provide for the income tax effect of these timing differences.

Management has concluded that, as of December 31, 2024, there are no uncertain tax positions taken or expected to be taken by the Companies that would require recognition of a liability (or asset) or disclosure in the financial statements. The Companies are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

12. Advertising

Advertising and sales promotion costs are expensed when incurred.

13. Recently Implemented Accounting Pronouncements

Effective January 1, 2024, the Companies adopted Financial Accounting Standards Board (FASB) ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The adoption had no significant impact on the Companies' combined financial statements.

14. Reclassifications

Certain prior year amounts have been reclassified to correspond to current year presentation.

15. Subsequent Events

Subsequent events have been evaluated through May 15, 2025, the date the combined financial statements were available to be issued.

NOTE B – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Companies to concentrations of credit risk consist principally of cash. The Companies maintain checking accounts in various banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At times, the balances in these accounts may be in excess of federally insured limits.

The Companies receive all of their business from the quick service food market. All corporate owned restaurants are located in malls throughout the United States.

NOTE C – INVENTORIES

Inventories consist of the following at December 31, 2024 and 2023:

	2024	2023
Food	$ 73,689	$ 72,702
Paper products	12,423	11,429
Total	$ 86,112	$ 84,131

NOTE D – NOTES RECEIVABLE

The following represents the Notes Receivable on locations previously sold and monies loaned to franchisees at December 31, 2024 and 2023, respectively:

	2024	2023
Note receivable, $1,439 payable in twenty-eight quarterly payments, including interest at 2.4% maturing January 2024.	$ -	$ 1,430
Note receivable, $859 payable in twenty-eight quarterly payments, including interest at 2.4% maturing January 2024.	-	854
Note receivable, $17,500 payable in thirty-six monthly payments, including interest at 5% maturing March 2025.	1,560	7,612
Note receivable, $4,945 payable in thirty-six monthly payments, including interest at 5% maturing March 2025.	14,713	71,763
Note receivable, payments ranging from $10,000 to $25,000 payable in forty monthly payments, including interest at 5% maturing May 2025.	64,978	207,835
Note receivable, $1,000 payable annually until 2025, $3,600 payable monthly thereafter, including interest at 5% maturing December 2025.	31,257	30,687
Note receivable, $7,508 payable in forty quarterly payments, including interest at 2.5% maturing January 2027.	65,509	93,466
Note receivable, $128,000 payable in five annual payments, including interest at 3.5% maturing June 2027.	358,608	470,153
Note receivable, $6,884 payable in thirty-six monthly payments, including interest at 14.5% maturing April 2027.	167,572	-
Total	704,197	883,800
Less current portion	(324,580)	(347,174)
	$ 379,617	$ 536,626

The aggregate maturities of notes receivable for years succeeding December 31, 2024 are as follows: 2025 - $324,580; 2026 - $221,759; and 2027 - $157,858.

NOTE E – PROPERTY AND EQUIPMENT

At December 31, 2024 and 2023, property and equipment consist of the following:

	2024	2023	Estimated Useful Life (years)
Restaurant equipment and furnishings	$ 2,140,644	$ 2,190,224	5-7
Office equipment	543,459	523,477	3-7
Signs	407,128	404,148	5-7
Leasehold improvements	3,664,161	3,484,780	7-10
Automobiles	143,696	261,982	5
Construction in progress	15,170	-	-
	6,914,258	6,864,611	
Less accumulated depreciation	5,028,702	4,813,054	
	$ 1,885,556	$ 2,051,557	

Depreciation expense for the years ended December 31, 2024 and 2023 was $493,463 and $436,590, respectively.

NOTE F – INTANGIBLES

Intangibles are as follows at December 31, 2024 and 2023:

2024	Lease Acquisition Costs	Franchise Fee Costs	Superior Location Fee	Total
Cost	$ 315,000	$ 30,000	$ 100,000	$ 445,000
Accumulated amortization	(263,371)	(2,833)	(1,942)	(268,146)
Net	$ 51,629	$ 27,167	$ 98,058	$ 176,854

2023	Lease Acquisition Costs	Franchise Fee Costs	Superior Location Fee	Total
Cost	$ 315,000	$ 30,000	$ -	$ 345,000
Accumulated amortization	(234,255)	(833)	-	(235,088)
Net	$ 80,745	$ 29,167	$ -	$ 109,912

Future amortization for intangibles for years succeeding December 31, 2024 are as follows: 2025 - $38,362; 2026 - $26,423; 2027 - $23,973; 2028 - $17,491; 2029 $13,655; Thereafter - $56,950. Amortization expense for the years ended December 2024 and 2023 was $33,058 and $33,737, respectively.

NOTE G – ACCRUED EXPENSES

Accrued expenses as of December 31, 2024 and 2023, are as follows:

	2024	2023
Accrued salaries	$ 521,166	$ 536,169
Taxes payable	184,187	194,282
Accrued other	42,912	45,201
Franchise tax payable, net	2,534	2,500
Accrued rent	-	76,451
	$ 750,799	$ 854,603

NOTE H – DEFERRED FEES

Deferred fees at December 31, 2024 and 2023, consists of the following:

	2024	2023
Deferred marketing fees	$ 295,603	$ 329,125
Deferred franchise fees	516,216	303,065
	$ 811,819	$ 632,190

Deferred fees are calculated to be earned over the following years:

2025	$ 129,693
2026	124,568
2027	98,768
2028	76,357
2029	74,969
Thereafter	307,464
	$ 811,819

NOTE I – LINES OF CREDIT

The Companies had a $7,500,000 revolving bank line of credit loan that matured on August 24, 2020. During 2020 the Companies renewed the line of credit. The new limit of the revolving bank line of credit loan was reduced to $5,000,000 at the Companies' request and matured on February 21, 2024.

In February 2024, the line of credit loan was renewed and matures on February 24, 2027. The outstanding principal balance at December 31, 2024 and 2023, was $250,000 and $250,000, respectively. Payments of interest only are calculated based on the Adjusted Term SOFR Rate, however, in no instance can the interest rate be below 2.35%, and are due monthly. In addition, undrawn amounts are subject to a quarterly fee of 0.2%. The collateral for this note includes, but is not limited to, all assets of the borrower and certain of the issued and outstanding closely held capital stock or membership interest of each borrower.

In addition, the Companies have two unsecured lines of credit with various entities. The interest is at varying rates from 8% to 10%. There was no balance outstanding at December 31, 2024 and 2023, and undrawn amounts equal $190,000.

NOTE J – LOANS FROM RELATED PARTIES

Long-term debt as of December 31, 2024 and 2023, consists of the following:

	2024	2023
Notes payable to shareholders, no stated payment terms, interest at 6% accrued quarterly. Subordinate to line of credit.	$ 239,681	$ 465,441

NOTE K – CAPITAL STOCK

The capital stock structure of the Companies at December 31, 2024 and 2023, is as follows:

	Par Value	Shares Authorized	Shares Issued and Outstanding	Capital Stock	Paid-in Capital
Ambiente	$ 1.00	1,000	120	$ 120	$ 81,674
Ao Shun	0.10	1,000	120	12	608,500
China Chao	0.10	75,000	1,000	100	410,483
FSU	0.10	75,000	375	38	253
Indefinito	1.00	1,000	375	375	825
Livello	1.00	1,000	700	700	110,167
Michele	1.00	1,000	600	600	28,073
Yuk Ming	1.00	1,000	100	100	24,133
Total				$ 2,045	$ 1,264,108

NOTE L – RELATED PARTY TRANSACTIONS

Loans payable to the majority shareholder totaled $239,681 and $465,441 at December 31, 2024 and 2023, respectively, including interest at 6%. During the years, interest accrued was $15,240 and $19,480, respectively.

FSU has entered into a verbal agreement with Peng Da, for office facilities.

NOTE M – COMMITMENTS

FSU entered into an agreement on June 1, 2013, with Coca-Cola North America Food Service (CCF) to purchase 500,000 gallons of CCF's fountain syrups. Under this agreement, CCF offers various rebates to FSU. The Companies also lease the fountain beverage dispensing equipment on a year-to-year basis from CCF. Hui Jin entered into a new agreement on January 1, 2019 with CCF. The new agreement is for a period of eight years or until 1,000,000 gallons of CCF's fountain syrups have been purchased, whichever occurs last.

NOTE M – COMMITMENTS (continued)

Litigation

In the normal course of conducting its operations, the Companies occasionally become party to various legal actions and proceedings. As of the report date, management is engaged in a dispute with a franchisee regarding royalties. As of December 31, 2024, $263,360 is held in escrow by the Companies' attorneys in relation to this dispute and is included in other receivables. No subsequent payments from the franchisee related to this dispute have been received. On January 28, 2025 management entered into a settlement agreement regarding this dispute.

Outstanding royalties, interest, default and legal fees, included in royalty fees receivable at December 31, 2024 are as follows:

Default royalties:		
Royalty fees owed	$	1,553,362
Amount held in escrow		(226,750)
Total	$	1,326,612
Interest and default and legal fees:		
Interest, default and legal fees owed	$	1,761,503
Amount held in escrow		(36,610)
Total	$	1,724,893

Management is not aware of any other claims or legal action or any pending or threatened litigation, claims, or assessments against the Companies.

Operating leases

The Companies lease their corporate store locations under operating leases, which are required to be included on the balance sheet under ASC 842. The Companies lease one warehouse in Longwood, Florida. The warehouse lease expires in December 2029.

As of December 31, 2024, the Companies hold 8 mall leases throughout the United States. Lease terms for the mall leases are generally four to ten years and in many cases provide for rent escalations. These leases expire between 2025 and 2035. For most leases, the Companies are obligated for the related occupancy costs including property taxes, insurance, and maintenance. Any improvements to the premises are constructed by lessees.

As of December 31, 2024, the operating lease right-of-use (ROU) asset had a balance of $22,270,507, as shown in non-current assets on the balance sheet: the operating lease liability is included in current liabilities ($3,875,063) and long-term liabilities ($19,506,016). The operating lease asset and liability were calculated utilizing the weighted average discount rate (3.854%), according to the Companies' elected policy.

NOTE M – COMMITMENTS (continued)

Additional information about the Companies leases for 2024 are as follows:

Lease Costs (included in lease expense):		
Operating lease cost	$	4,653,505
Total lease cost	$	4,653,505
Other Information:		
Cash paid for amounts included in measuring operating lease liability:		
Operating cash flows from operating lease	$	4,359,559
Total cash paid for amounts included in measuring operating lease liability	$	4,359,559
Weighted average remaining lease term (years)		6.239
Weighted average discount rate		3.854%

The difference betweem rent expense and rent paid is non-cash rent.

Rent location:		
Minimum and overage rent paid	$	3,691,315
Lease adjustment on rent		(3,203,609)
Total	$	487,706
Other rent charges:		
Other rent charges paid	$	1,066,330
Lease adjustment on other rent charges		(1,066,330)
Total	$	-

Maturities of operating lease liabilities as of December 31, 2024:

Year ending December 31:		
2025	$	4,613,151
2026		4,198,199
2027		3,988,568
2028		4,094,562
2029		4,231,242
Thereafter		5,172,916
Total lease payments		26,298,638
Less: interest		(2,917,559)
Present value of lease liability	$	23,381,079

NOTE M – COMMITMENTS (continued)

Operating sub-leases

The Companies also lease and then sub-lease facilities to 20 franchise locations. These leases are for ten years and in many cases, provide for rent escalations. These leases will be expiring between 2025 and 2033. FSU owns 21 leases with licensees while Indefinito owns one lease with a licensee.

The following is a schedule of the minimum future rental commitments required under the noncancellable operating sub-leases as of December 31, 2024:

Maturities of operating lease liabilities as of December 31, 2024:

Year ending December 31:		
2025	$	5,141,371
2026		4,704,491
2027		3,365,612
2028		1,399,109
2029		1,364,403
Thereafter		14,752,271
	$	30,727,257

The $30,727,257 minimum future rental commitment refers to the future rents due by the franchisees on leases, which the Companies are ultimately responsible for with the lessors. The franchisees make direct payments on the leases.

NOTE N – RESTATEMENT

The Companies restated its previously issued combined financial statements as of and for the year ended December 31, 2023, to properly reflect the transition of the Xiang Yuan store from a franchise store to a corporate store which was incorrectly accounted for in 2023. The impact of this restatement is as follows:

	As previously recorded	Adjustment	As restated
Assets:			
Cash and cash equivalents	$ 6,298,912	$ 249,179	$ 6,548,091
Royalty fees receivable	1,918,434	281	1,918,715
Inventories	76,469	7,662	84,131
Prepaid expenses	604,902	14,349	619,251
Notes receivable, current portion	538,518	(191,344)	347,174
Property and equipment, net	1,243,428	808,129	2,051,557
Operating lease right-of-use assets	21,249,098	2,164,378	23,413,476
Notes receivable, long-term portion	1,144,578	(607,952)	536,626
Intangibles, net	80,745	29,167	109,912
	33,155,084	2,473,849	35,628,933
Liabilities:			
Accounts payable	775,622	33,095	808,717
Accrued expenses	791,066	63,537	854,603
Loans from related parties	366,441	99,000	465,441
Non-current operating lease liability	18,593,845	2,225,754	20,819,599
	20,526,974	2,421,386	22,948,360
Owners' Equity:			
Retained Earnings	9,064,740	52,463	9,117,203
	$ 3,563,370	$ -	$ 3,563,370
Combined Statement of Income:			
Depreciation and amortization	$ 434,373	$ 35,954	$ 470,327
Other income	1,535,957	88,417	1,624,374
Net income	9,777,948	52,463	9,830,411
Combined Statements of Owners' Equity:			
Net income	9,777,948	52,463	9,830,411
Retained earnings	7,798,587	52,463	7,851,050
Combined Statements of Cash Flows:			
Net income	9,777,948	52,463	9,830,411
Non-cash rent	316,771	61,376	378,147
Depreciation and amortization	434,373	35,954	470,327
Royalty fees receivable	(1,036,863)	(281)	(1,037,144)
Inventories	(12,298)	(7,662)	(19,960)
Prepaid expenses	(50,553)	(14,349)	(64,902)
Accounts payable	212,261	33,095	245,356
Accrued expenses	(36,732)	63,537	26,805
Payments for issuance of notes receivable	(845,977)	191,344	(654,633)
Collection of notes receivable	472,757	607,952	1,080,709
Purchase of intangible assets	-	(30,000)	(30,000)
Purchase of property and equipment	(233,566)	(843,250)	(1,076,816)
Proceeds from related party loans	-	99,000	99,000

SUPPLEMENTARY INFORMATION

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended December 31, 2024 and 2023

	2024	2023
Salaries	$ 7,775,767	$ 7,212,442
Lease expense	4,653,505	4,381,386
Legal and accounting	716,965	415,108
Office expense	610,439	560,496
Taxes - payroll	594,711	553,235
Rent - location	487,706	573,981
Insurance	469,582	356,831
Utilities	434,504	381,241
Employee benefits	326,802	287,730
Professional services	300,319	401,698
Repairs and maintenance	204,295	190,222
Operating supplies	135,301	132,488
Maintenance - cleaning	115,604	126,895
Advertising	61,251	37,839
Telephone	59,016	56,206
Laundry	58,553	62,296
Entertainment	45,257	84,221
Travel	41,027	38,115
Taxes - other	29,950	31,446
Maintenance - computers	25,870	30,385
Postage and mailing	18,629	18,446
Donations	16,975	15,320
Dues and subscriptions	12,319	3,308
Bad debt	-	176,122
Other rent charges	-	81,582
Total selling, general and administrative expenses	$ 17,194,347	$ 16,209,039

See independent auditor's report.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

December 31, 2023 and 2022

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American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Food Systems Unlimited, Inc. and Affiliates
Longwood, Florida

Opinion

We have audited the accompanying combined financial statements of Food Systems Unlimited, Inc. (a Florida corporation) and Affiliates, which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of income, changes in owners' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Food Systems Unlimited, Inc. and Affiliates as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended 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 Food Systems Unlimited, Inc. and Affiliates 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Systems Unlimited, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the combined 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 combined 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 it 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 combined 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 combined 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 combined 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 Food Systems Unlimited, Inc. and Affiliates' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Systems Unlimited, Inc. and Affiliates' 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The information in the combined schedules of selling, general and administrative expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Moss, Krusick & Associates, LLC

Winter Park, Florida
May 13, 2024

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED BALANCE SHEETS
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,298,912	$ 8,420,482
Royalty fees receivable	1,918,434	1,057,693
Other receivables	689,680	633,714
Inventories	76,469	64,171
Prepaid expenses	604,902	554,349
Notes receivable, current portion	538,518	426,076
Total current assets	10,126,915	11,156,485
PROPERTY AND EQUIPMENT, net	1,243,428	1,472,135
OPERATING LEASE RIGHT-OF-USE ASSETS	21,249,098	24,616,293
OTHER ASSETS		
Notes receivable, long-term portion	1,144,578	883,800
Intangibles, net	80,745	113,649
Deferred contract costs	13,906	15,430
Deposits	25,738	25,738
Total other assets	1,264,967	1,038,617
Total assets	$ 33,884,408	$ 38,283,530
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 775,622	$ 563,360
Accrued expenses	791,066	827,798
Deferred fees, current portion	116,574	116,994
Operating lease liability	3,410,504	3,143,274
Total current liabilities	5,093,766	4,651,426
LONG-TERM LIABILITIES		
Line of credit	250,000	-
Deferred fees, long-term portion	515,616	586,837
Loans from related parties	366,441	346,961
Non-current operating lease liability	18,593,845	21,911,499
Total long-term liabilities	19,725,902	22,845,297
Total liabilities	24,819,668	27,496,723
OWNERS' EQUITY	9,064,740	10,786,807
Total liabilities and owners' equity	$ 33,884,408	$ 38,283,530

The accompanying notes are an integral part of these combined financial statements.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED STATEMENTS OF INCOME
Years Ended December 31, 2023 and 2022

	2023	2022
REVENUES		
Sales	$ 25,412,899	$ 26,627,055
Royalties and other fees	4,142,951	4,045,849
Total revenues	29,555,850	30,672,904
COST OF SALES	4,762,365	5,318,262
GROSS PROFIT	24,793,485	25,354,642
OPERATING EXPENSES		
Selling, general and administrative expenses	16,209,039	17,232,070
Depreciation and amortization	434,373	501,793
Total operating expenses	16,643,412	17,733,863
INCOME FROM OPERATIONS	8,150,073	7,620,779
OTHER INCOME (EXPENSE)		
Gain on disposal of assets	9,196	559,147
Other income	1,535,957	2,433,696
Interest income	139,249	104,021
Interest expense	(56,527)	(63,879)
Gain on forgiveness of PPP loan	-	2,050,806
Gain on forgiveness of Restaurant Revitalization Fund	-	956,816
Total other income	1,627,875	6,040,607
NET INCOME	$ 9,777,948	$ 13,661,386

The accompanying notes are an integral part of these combined financial statements.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED STATEMENTS OF CHANGES IN OWNERS' EQUITY
Years Ended December 31, 2023 and 2022

	Common Stock	Paid in Capital	Retained Earnings	Total
Balance at December 31, 2021	$ 2,045	$ 1,264,108	$ 7,678,578	$ 8,944,731
Distributions	-	-	(11,819,310)	(11,819,310)
Net income	-	-	13,661,386	13,661,386
Balance at December 31, 2022	2,045	1,264,108	9,520,654	10,786,807
Distributions	-	-	(11,500,015)	(11,500,015)
Net income	-	-	9,777,948	9,777,948
Balance at December 31, 2023	$ 2,045	$ 1,264,108	$ 7,798,587	$ 9,064,740

The accompanying notes are an integral part of these combined financial statements.

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 9,777,948	$ 13,661,386
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash rent	316,771	438,480
Depreciation and amortization	434,373	501,793
Gain on disposal of assets	(9,196)	(559,147)
Deferred contract costs	1,524	1,551
Bad debt expense	176,122	-
Accrued interest on related party loans	19,480	47,557
Gain on forgiveness of PPP loan	-	(2,050,806)
Gain on forgiveness of Restaurant Revitalization Fund	-	(956,816)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Royalty fees receivable	(1,036,863)	(441,616)
Other receivables	(55,966)	(302,970)
Inventories	(12,298)	27,069
Prepaid expenses	(50,553)	174,412
Deposits	-	4,230
(Decrease) increase in:		
Accrued expenses	(36,732)	(102,411)
Accounts payable	212,261	(16,666)
Deferred income	(71,640)	(69,255)
Net cash provided by operating activities	9,665,231	10,356,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for issuance of notes receivable	(845,977)	(317,811)
Collection of notes receivable	472,757	248,542
Proceeds from disposition of property and equipment	70,000	1,352,925
Purchase of property and equipment	(233,566)	(401,736)
Net cash provided by (used by) investing activities	(536,786)	881,920
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	750,000	-
Payments on line of credit	(500,000)	(250,000)
Payments on related party loans	-	(1,838,180)
Distributions	(11,500,015)	(11,819,310)
Net cash used by financing activities	(11,250,015)	(13,907,490)
Net decrease in cash	(2,121,570)	(2,668,779)
Cash and cash equivalents, beginning of year	8,420,482	11,089,261
Cash and cash equivalents, end of year	$ 6,298,912	$ 8,420,482
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 37,047	$ 190,110
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	$ 103,541	$ 28,330,247
Operating lease liability	(103,541)	(28,330,247)

The accompanying notes are an integral part of these combined financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Food Systems Unlimited, Inc. and its Affiliates (Companies) is presented to assist in understanding the Companies' financial statements. The combined financial statements and notes are the representation of the Companies' management who is responsible for the integrity and objectivity of the combined financial statements. These accounting policies conform to generally accepted accounting principles consistently applied in the preparation of the combined financial statements in the United States.

1. <u>Operations</u>

Food Systems Unlimited, Inc. (FSU) provides management services for this group of related companies, which are related by common ownership, engaged in the retail sales of quick service food under trade names (Asian Chao, Chao Cajun, Maki of Japan, Wok Express, Sushi Fuji, and Tobu). All are either Florida corporations or Florida limited liability companies.

Ao Shun, Inc. (Ao Shun), Bai Ying, LLC (Bai Ying), China Chao, Inc. (China Chao), Livello Finito, Inc. (Livello), and Yuk Ming, Inc. (Yuk Ming) in total, operate 7 quick service restaurants in malls throughout the United States. In addition, there are 43 franchised locations that are operated by third party licensees. Indefinito, Inc. (Indefinito) holds the lease on one franchise. Hui Jin, LLC (Hui Jin) does not have any stores and is set up to hold rebates. Xiang Shun, Inc. (Xiang Shun) sold its two corporate stores in 2022, and ceased operations in 2023.

2. <u>Principles of Combination</u>

The combined financial statements include the accounts of the company (FSU) and its affiliated companies (Ambiente, Ao Shun, Bai Li, Bai Ying, China Chao, Livello, Michele, Yuk Ming, Xiang Shun, Indefinito, and Hui Jin). All significant intercompany accounts and transactions are eliminated in the combined financial statements. All of the previously named entities are controlled personally by the majority shareholder, with the exception of Yuk Ming which is owned 25% by an unrelated party.

FSU leases office space from Peng Da, LLC (Peng Da), a company with common ownership. FSU has elected not to apply variable interest entity guidance for whether it should consolidate Peng Da as permitted by Accounting Standards Update (ASU) No. 2014-07, (Topic 810)*: Applying Variable Interest Guidance to Common Control Leasing Arrangements*.

3. <u>Accounting Estimates</u>

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Revenue Recognition

The Companies follow ASU 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Companies, in addition to owning and operating various restaurants, license and franchise retail locations to third party licensees to operate under its trade names (Asian Chao, Chao Cajun, Maki of Japan, Wok Express, Sushi Fuji, and Tobu) throughout the United States.

The Companies generally require cash or credit card payment at the point of sale at its retail restaurants. Revenues are recognized at the point of sale.

Royalty fees are charged to franchised locations which are owned and operated by third party licensees for ongoing services such as management training and use of trade names. Royalty fees are calculated as approximately 6% of licensees' total reported sales and are recognized on a monthly basis when earned. Royalty fees are usually received in the following month that royalty fees are earned. Royalty fees receivable represent royalty fees earned but not received from licensees at December 31, 2023 and 2022.

License and lease fees, and location fees, which are included in royalties and other fees in the Combined Statements of Income, represent upfront initial fees that are typically paid prior to the store opening, upfront successor fees that are generally paid upon execution of the successor franchise agreement, and transfer fees that are generally paid when an existing agreement is transferred to another franchisee.

Other income primarily includes rebates from vendors which are recognized as earned based on various purchase agreements, and gains from disposition of assets, which are recognized when the dispositions are completed. Other receivables primarily consist of rebates earned from food purchases but not received from vendors at December 31, 2023 and 2022.

Deferred marketing fees represent upfront fees received for maximizing the sale of certain foundation beverages in stores which are earned and recognized in other income as beverages are purchased over the term of the marketing agreement.

Deferred franchise fees represent franchise fees received but not yet earned. They are recognized over the term of the franchise agreement.

5. Allowance for Doubtful Accounts

The Companies assess the collectability of notes and accounts receivable on a periodic basis. As of December 31, 2023 and 2022, the Companies determined that all amounts were collectible and therefore no allowance for doubtful accounts was considered necessary.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Inventories

Inventories consist of food and paper products and are valued at the lower of cost or net realizable value, determined by the FIFO (first-in, first-out) method.

7. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the respective assets. Repairs and maintenance costs are expensed as incurred. Significant betterments are capitalized.

8. Intangibles

Closing costs incurred in obtaining and securing leases for the expansion of new locations and for renewing existing leases are capitalized and amortized on the straight-line basis over the term of the leases.

9. Fair Value Measurement

The Companies account for financial assets in accordance with ASC No. 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value. The fair value measurement disclosures are grouped into three levels based on valuation factors: Level 1 - quoted prices in active markets for identical assets or liabilities, Level 2 - significant other observable inputs, and Level 3 – significant unobservable inputs. At December 31, 2023 and 2022, the Companies have no instruments that require additional disclosure. The carrying amounts of the Companies' combined financial instruments, including cash and cash equivalents, notes receivable, receivables, payables, line of credit, and notes payable approximate fair value because of the short period to maturity for these instruments and/or market interest rates.

10. Income Taxes

All of the companies, with the consent of their shareholders, have elected under the Internal Revenue Code and comparable state regulations, to be taxed as S Corporations. In lieu of corporate income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Companies' taxable income. Therefore, no provisions of liability for federal income taxes have been included in the accompanying financial statements. Various states and localities tax S Corporation income, and, accordingly, the appropriate income tax has been recorded.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Income Taxes (continued)

Income taxes are provided based on earnings reported in the combined financial statements. Certain items of expense are recognized for local (cities and states) income tax purposes in different periods from those in which such items are recognized for financial reporting purposes, including changes in depreciation and interest. Deferred income taxes provide for the income tax effect of these timing differences.

Management has concluded that, as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken by the Companies that would require recognition of a liability (or asset) or disclosure in the financial statements. The Companies are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

11. Advertising

Advertising and sales promotion costs are expensed when incurred.

12. Recently Implemented Accounting Pronouncements

In February 2016, the Federal Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (ASC 842), that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Company adopted the lease standard effective January 1, 2022 using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

13. Reclassifications

Certain prior year amounts have been reclassified to correspond to current year presentation.

14. Subsequent Events

Subsequent events have been evaluated through May 13, 2024, the date the combined financial statements were available to be issued.

NOTE B – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Companies to concentrations of credit risk consist principally of cash. The Companies maintain checking accounts in various banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At times, the balances in these accounts may be in excess of federally insured limits.

The Companies receive all of their business from the quick service food market. All corporate owned restaurants are located in malls throughout the United States.

NOTE C – INVENTORIES

Inventories consist of the following at December 31, 2023 and 2022:

	2023	2022
Food	$ 65,040	$ 52,106
Paper products	11,429	12,065
Total	$ 76,469	$ 64,171

NOTE D – NOTES RECEIVABLE

The following represents the Notes Receivable on locations previously sold and monies loaned to franchisees at December 31, 2023 and 2022, respectively:

	2023	2022
Note receivable, $7,314 payable in thirty-six monthly payments, including interest at 9% maturing July 2022. Amount was past due as of December 31, 2022 and forgiven in 2023.	-	49,696
Note receivable, $1,000 payable in twelve monthly payments, including interest at 0% maturing December 2022. Amount was past due as of December 31, 2022 and forgiven in 2023.	-	12,000
Note receivable, payments ranging from $18,000 to $31,500 in sixteen quarterly payments, including interest at 3% maturing January 2023.	-	24,945
Note receivable, $1,439 payable in twenty-eight quarterly payments, including interest at 2.4% maturing January 2024.	1,430	7,067
Note receivable, $859 payable in twenty-eight quarterly payments, including interest at 2.4% maturing January 2024.	854	4,221

NOTE D – NOTES RECEIVABLE (continued)

Note receivable, $17,500 payable in thirty-six monthly payments, including interest at 5% maturing March 2025.	7,612	13,366
Note receivable, $4,945 payable in thirty-six monthly payments, including interest at 5% maturing March 2025.	71,763	126,036
Note receivable, payments ranging from $10,000 to $25,000 payable in forty monthly payments, including interest at 5% maturing May 2025.	207,835	343,740
Note receivable, $1,000 payable annually until 2025, $3,600 payable monthly thereafter, including interest at 5% maturing December 2025.	30,687	30,145
Note receivable, $7,508 payable in forty quarterly payments, including interest at 2.5% maturing January 2027.	93,466	120,735
Note receivable, $128,000 payable in five annual payments, including interest at 3.5% maturing June 2027.	470,153	577,925
Note receivable, $3,305 payable in fifteen quarterly payments and final payment of $3,166, including interest at 10% maturing October 2027.	40,977	-
Note receivable, $17,304 payable in fifty-four monthly payments, including interest at 10% maturing March 2028.	716,560	-
Note receivable, $4,835 payable in twelve monthly payments, including interest at 10% maturing September 2024.	41,759	-
Total	1,683,096	1,309,876
Less current portion	(538,518)	(426,076)
	$ 1,144,578	$ 883,800

The aggregate maturities of notes receivable for years succeeding December 31, 2023 are as follows: 2024 - $538,518; 2025 - $424,151; 2026 - $333,939; 2027 - $335,428; and 2028 - $51,060.

NOTE E – PROPERTY AND EQUIPMENT

At December 31, 2023 and 2022, property and equipment consist of the following:

	2023 Cost	2022 Cost	Estimated Useful Life (years)
Restaurant equipment and furnishings	$ 2,008,142	$ 1,936,643	5-7
Office equipment	513,136	485,022	3-7
Signs	385,291	355,315	5-7
Leasehold improvements	2,852,810	2,748,834	7-10
Automobiles	261,982	366,217	5
	6,021,361	5,892,031	
Less accumulated depreciation	4,777,933	4,419,896	
	$ 1,243,428	$ 1,472,135	

Depreciation expense for the years ended December 31, 2023 and 2022 was $401,469 and $461,808, respectively.

NOTE F – INTANGIBLES

Intangibles are as follows at December 31, 2023 and 2022:

2023	Lease Acquisition Costs
Cost	$ 315,000
Accumulated amortization	(234,255)
Net	$ 80,745

2022	Lease Acquisition Costs
Cost	$ 315,000
Accumulated amortization	(201,351)
Net	$ 113,649

Future amortization for intangibles for years succeeding December 31, 2023 are as follows: 2024 - $29,116; 2025 - $24,707; 2026 - $12,768; 2027 - $10,318; 2028 - $3,836. Amortization expense for the years ended December 2023 and 2022 was $32,904 and $39,985, respectively.

NOTE G – ACCRUED EXPENSES

Accrued expenses as of December 31, 2023 and 2022, are as follows:

	2023	2022
Accrued salaries	$ 492,542	$ 518,230
Accrued rent	76,451	76,451
Accrued other	45,201	40,602
Taxes payable	174,372	192,515
Franchise tax payable, net	2,500	-
	$ 791,066	$ 827,798

NOTE H – DEFERRED FEES

Deferred fees at December 31, 2023 and 2022, consists of the following:

	2023	2022
Deferred marketing fees	$ 329,125	$ 367,482
Deferred franchise fees	303,065	336,349
	$ 632,190	$ 703,831

Deferred fees are calculated to be earned over the following years:

2024	$ 116,575
2025	113,042
2026	107,918
2027	82,117
2028	59,707
Thereafter	152,831
	$ 632,190

NOTE I – PPP AND RESTAURANT REVITALIZATION LOANS

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. Under the CARES Act, the Paycheck Protection Program ("PPP") was established to provide assistance to small businesses with resources needed to maintain payroll and cover applicable overhead. During 2021, Ao Shun, Bai Ying, China Chao, Food Systems, Livello, Xiang Shun and Yuk Ming obtained a second draw of the PPP loan in the amount of $2,050,806. As of December 31, 2022 the Companies received notification of the loans' forgiveness and therefore recorded loan forgiveness income of $2,050,806, which is included in the 2022 Combined Statements of Income.

NOTE I – PPP AND RESTAURANT REVITALIZATION LOANS (continued)

In March 2021, established under the American Rescue Plan, the Restaurant Revitalization Fund ("RRF") became available for eligible restaurants to receive funding to supplement pandemic-related revenue loss.

In October of 2021, Ao Shun and Bai Ying, were awarded RRF funds, totaling $956,816. Once these funds are proven to be used for eligible uses under the program, the loans will be forgiven. As of December 31, 2022, the Companies received notification of the loans' forgiveness and therefore recorded loan forgiveness income of $956,816, which is included in the 2022 Combined Statements of Income.

NOTE J – LINES OF CREDIT

The Companies had a $7,500,000 revolving bank line of credit loan that matured on August 24, 2020. During 2020 the Companies renewed the line of credit. The new limit of the revolving bank line of credit loan was reduced to $5,000,000 at the Companies' request and matures on February 21, 2024.

In February 2024, the line of credit loan was renewed and matures on February 24, 2027. The outstanding principal balance at December 31, 2023 and 2022, was $250,000 and $0, respectively. Payments of interest only are calculated based on the Adjusted Term SOFR Rate, however, in no instance can the interest rate be below 2.35%, and are due monthly. In addition, undrawn amounts are subject to a quarterly fee of 0.2%. The collateral for this note includes, but is not limited to, all assets of the borrower and certain of the issued and outstanding closely held capital stock or membership interest of each borrower.

In addition, the Companies have two unsecured lines of credit with various entities. The interest is at varying rates from 8% to 10%. There was no balance outstanding at December 31, 2023 and 2022, and undrawn amounts equal $190,000.

NOTE K – LOANS FROM RELATED PARTIES

Long-term debt as of December 31, 2023 and 2022, consists of the following:

	2023	2022
Notes payable to shareholders, no stated payment terms, interest at 6% accrued quarterly. Subordinate to line of credit.	$ 366,441	$ 346,961

NOTE L – CAPITAL STOCK

The capital stock structure of the Companies at December 31, 2023 and 2022, is as follows:

	Par Value	Shares Authorized	Shares Issued and Outstanding	Capital Stock	Paid-in Capital
Ambiente	$ 1.00	1,000	120	$ 120	$ 81,674
Ao Shun	0.10	1,000	120	12	608,500
China Chao	0.10	75,000	1,000	100	410,483
FSU	0.10	75,000	375	38	253
Indefinito	1.00	1,000	375	375	825
Livello	1.00	1,000	700	700	110,167
Michele	1.00	1,000	600	600	28,073
Yuk Ming	1.00	1,000	100	100	24,133
Total				$ 2,045	$ 1,264,108

NOTE M – RELATED PARTY TRANSACTIONS

Loans payable to the majority shareholder totaled $366,441 and $346,961 at December 31, 2023 and 2022, respectively, including interest at 6%. During the years, interest accrued was $19,480 and $47,557, respectively.

FSU has entered into a verbal agreement with Peng Da, for office facilities.

NOTE N – COMMITMENTS

FSU entered into an agreement on June 1, 2013, with Coca-Cola North America Food Service (CCF) to purchase 500,000 gallons of CCF's fountain syrups. Under this agreement, CCF offers various rebates to FSU. The Companies also lease the fountain beverage dispensing equipment on a year-to-year basis from CCF. Hui Jin entered into a new agreement on January 1, 2019 with CCF. The new agreement is for a period of eight years or until 1,000,000 gallons of CCF's fountain syrups have been purchased, whichever occurs last.

Litigation

In the normal course of conducting its operations, the Companies occasionally become party to various legal actions and proceedings. As of the report date, management is engaged in a dispute with a franchisee regarding royalties. As of December 31, 2023, $263,360 is held in escrow by the Companies' attorneys in relation to this dispute and is included in other receivables. No subsequent payments from the franchisee related to this dispute have been received. Management is not aware of any other claims or legal action or any pending or threatened litigation, claims, or assessments against the Companies.

NOTE N – COMMITMENTS (continued)

Litigation (continued)

Outstanding royalties, interest, default and legal fees, included in royalty fees receivable at December 31, 2023 are as follows:

Default royalties:	
Royaly fees owed	$ 704,185
Amount held in escrow	(226,750)
Total	$ 477,435
Interest and default and legal fees:	
Interest, default and legal fees owed	$ 1,084,845
Amount held in escrow	(36,610)
Total	$ 1,048,235

Operating leases

As disclosed in Note A, the Companies adopted ASC 842, *Leases*, effective January 1, 2022 using the optional transition method. The Companies lease their corporate store locations under operating leases, which are required to be included on the balance sheet under ASC 842. As a result, the Companies recorded an operating lease right-of-use asset and a corresponding operating lease liability of $28,330,247 as of January 1, 2022. The adoption had no impact to the prior year 2021 balance sheet, and because the leases are operating leases, the adoption of this standard had minimal impact on the 2022 results of operations.

The Companies lease one warehouse in Longwood, Florida. The warehouse lease expires in December 2029.

As of December 31, 2023, the Companies hold 7 mall leases throughout the United States. Lease terms for the mall leases are generally four to ten years and in many cases provide for rent escalations. These leases expire between 2024 and 2033.

For most leases, the Companies are obligated for the related occupancy costs including property taxes, insurance, and maintenance. Any improvements to the premises are constructed by lessees.

As of December 31, 2023, the operating lease right-of-use (ROU) asset had a balance of $21,249,098, as shown in non-current assets on the balance sheet: the operating lease liability is included in current liabilities ($3,410,504) and long-term liabilities ($18,593,845). The operating lease asset and liability were calculated utilizing the weighted average discount rate (3.90%), according to the Companies' elected policy. The weighted average remaining lease term is 6 years as of December 31, 2023.

NOTE N – COMMITMENTS (continued)

Additional information about the Companies leases for 2023 are as follows:

Lease Costs (included in lease expense):	
Operating lease cost	$ 4,381,386
Total lease cost	$ 4,381,386
Other Information:	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	$ 4,064,615
Total cash paid for amounts included in measuring operating lease liability	$ 4,064,615
Rent location:	
Minimum and overage rent paid	$ 3,353,163
Lease adjustment on rent	(2,779,182)
Total	$ 573,981
Other rent charges:	
Other rent charges paid	$ 1,113,407
Lease adjustment on other rent charges	(1,031,825)
Total	$ 81,582

Maturities of operating lease liabilities as of December 31, 2023:

Year ending December 31:	
2024	$ 4,192,656
2025	4,276,500
2026	3,644,627
2027	3,418,964
2028	3,508,443
Thereafter	5,741,147
Total lease payments	24,782,337
Less: interest	(2,777,988)
Present value of lease liability	$ 22,004,349

NOTE N – COMMITMENTS (continued)

Operating sub-leases

The Companies also lease and then sub-lease facilities to 37 franchise locations. These leases are for ten years and in many cases, provide for rent escalations. These leases will be expiring between 2024 and 2033. FSU owns 36 leases with licensees while Indefinito owns one lease with a licensee.

The following is a schedule of the minimum future rental commitments required under the noncancellable operating sub-leases as of December 31, 2023:

Maturities of operating lease liabilities as of December 31, 2023:

Year ending December 31:	
2024	$ 6,128,263
2025	5,725,138
2026	5,303,917
2027	3,981,149
2028	2,031,215
Thereafter	7,221,162
	$ 30,390,844

The $30,390,844 minimum future rental commitment refers to the future rents due by the franchisees on leases, which the Companies are ultimately responsible for with the lessors. The franchisees make direct payments on the leases.

SUPPLEMENTARY INFORMATION

FOOD SYSTEMS UNLIMITED, INC. AND AFFILIATES
COMBINED SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended December 31, 2023 and 2022

	2023	2022
Salaries	$ 7,212,442	$ 7,932,095
Lease expense	4,381,386	4,741,067
Rent - location	573,981	642,004
Office expense	560,496	564,643
Taxes - payroll	553,235	564,935
Legal and accounting	415,108	311,986
Professional services	401,698	533,705
Utilities	381,241	412,237
Insurance	356,831	350,408
Employee benefits	287,730	229,621
Repairs and maintenance	190,222	192,713
Bad debt	176,122	-
Operating supplies	132,488	121,547
Maintenance - cleaning	126,895	136,753
Entertainment	84,221	68,166
Other rent charges	81,582	44,875
Laundry	62,296	64,756
Telephone	56,206	70,414
Travel	38,115	59,681
Advertising	37,839	36,551
Taxes - other	31,446	31,845
Maintenance - computers	30,385	15,946
Postage and mailing	18,446	26,451
Donations	15,320	6,913
Dues and subscriptions	3,308	10,217
Royalties	-	62,541
Total selling, general and administrative expenses	$ 16,209,039	$ 17,232,070

See independent auditor's report.

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

Food Systems Unlimited, Inc.

Balance Sheet

As of June 30, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1110 Cash in bank - SunTrust Bank #9661	1,570,104.98
1111 Cash in bank - SunTrust Bank #6881	149,699.23
Total Bank Accounts	**$1,719,804.21**
Accounts Receivable	
1160 Accounts receivable - Trade	0.00
1161 Accounts Receivable - MDP	0.00
Total Accounts Receivable	**$0.00**
Other Current Assets	
1108 Cash - Checks on hand	23,712.87
1109 Deposits on hold	0.00
1145 Clearing - Pending items	0.00
1147 Employee advances	0.00
1151 Receivable - Other	214,760.76
1152 Payroll clearing	0.00
1153 Notes receivable - Current portion	367,389.51
1153.1 Notes Receivable - write off	0.00
1154 Intercompany transfer	0.00
1155 Interest receivable	0.00
1164 Receivable - affiliates	207,225.76
1184 Prepaid supplies	133,130.61
1185 Prepaid taxes	1,952.00
1186 Prepaid insurance	0.00
1188 Prepaid expenses - Other	700.00
1189 Prepaid rent	1,493.50
1190 Loans to Stockholders	0.00
1191 Escrow Account - Einbinder & Dunn LLP (MDP)	0.00
Total Other Current Assets	**$950,365.01**
Total Current Assets	**$2,670,169.22**

Food Systems Unlimited, Inc.

Balance Sheet

As of June 30, 2025

	TOTAL
Fixed Assets	
1320 Leasehold improvements	320,211.44
1330 Signs	4,253.21
1340 Restaurant equipment	0.00
1350 Office furniture and equipment	434,407.30
1370 Transportation equipment	143,695.63
1375 Right-to-use leased asset-real estate	103,541.00
1390 Accumulated depreciation	-552,815.02
1391 Accumulated Amortization - right-to-use leased asset real estate	-25,620.00
Total Fixed Assets	**$427,673.56**
Other Assets	
1810 Deposits	1,520.00
1830 Unamortized lease acquisition	39,275.28
1872 Note receivable - Menlo Park	0.00
1873 Note receivable - Pint Pint	0.00
1873.1 Note receivable - Pint Pint #2	0.00
1874 Note receivable - Oceans 222, LLC	0.00
1887 Note receivable - Chai Pan, LLC	0.00
1888 Notes receivable - Current portion #2	-367,389.51
1889 Note receivable - Li Feng, LLC	0.00
1889.1 Note receivable - Li Feng - P2	0.00
1893 Note receivable - Vale46, LLC	0.00
1894 Note receivable - Vale46, LLC #2	0.00
1894.1 Note receivable - Vale46	0.00
1895 Note receivable - Oceans 330, LLC	0.00
1896 Note receivable - Hai Cheng, LLC	0.00
1897 Note receivable - LM&H, LLC	0.00
1899 Notes Receivable- write off	0.00
1900 Note receivable - Golden Lotus Enterprises, Inc.	0.00
1901 Note receivable - Teng Xin, LLC	0.00
1902 Note receivable - Oceans 317, LLC	0.00
1904 Note receivable - Jie May Corp.	137,519.10
1905 Note receivable - Luna 2019	0.00
1906 Note receivable - Robert Cajun Express Inc	0.00

Food Systems Unlimited, Inc.

Balance Sheet

As of June 30, 2025

	TOTAL
1907 Note receivable - Luna 2019 LLC	0.00
1908 Note receivable - Louai Mardini	0.00
1909 Note receivable - Arsenio Hinojosa	0.00
1911 Note Receivable - Jersey Shore F-57	0.00
1912 Note receivable - Tokyo Miami, Inc.	0.00
1913 Note receivable - LDZ Tyrone Food	0.00
1914 Note receivable - Asian Chao in Sawgrass Inc.	0.00
1915 Note receivable - LC I Ent., Inc.	0.00
1916 Note receivable - I & I Corp	0.00
1917 Note receivable - IPX66, Inc.	0.00
1918 Note receivable - Abraxas, LLC	0.00
1919 Note receivable - Panorma-Nine, LLC	0.00
1920 Note receivable - Karona, LC	0.00
1921 Note receivable - Yut Choi, Inc.	0.00
1922 Note Receivable - Aaron Stevens	0.00
1923 Note Receivable - Chris Stevens	0.00
1924 Note Receivable - Adriana Schiano	0.00
1925 Note receivable - Rowan Food Services	0.00
1926 Note receivable - Rowan Food Service	30,000.00
1927 Note Receivable - Jessy Food Enterprises	0.00
1927.1 Note Receivable - Jessy / Franchise	0.00
1927.2 Note Receivable - Jessy - Franchise	21,201.00
1928 Note Receivable - Xiang Yuan, LLC	0.00
1929 Note Receivable - Xiang Yuan	497,454.03
1930 Note Receivable - Xiang Yuan -additional costs	28,815.46
1940 1940 Notes Receivable - MDP	915,633.04
Total Other Assets	**$1,304,028.40**
TOTAL ASSETS	**$4,401,871.18**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2110 Accounts payable - Trade	720.91

Food Systems Unlimited, Inc.

Balance Sheet

As of June 30, 2025

	TOTAL
Total Accounts Payable	**$720.91**
Other Current Liabilities	
2108 Checks on hand	23,712.87
2111 Accounts payable - Insurance	0.00
2112 Payable - Rent Deposit - Jar-Men Enterprises	0.00
2120 Payable - Equipment & Leasehold Impr.	0.00
2138 Payable - Hui Jin, LLC	0.00
2139 Lease Liability - current	25,172.00
2140 Corporate PA franchise tax payable	0.00
2141 Corporate GA franchise tax payable	0.00
2142 Corporate KY franchise tax payable	0.00
2143 Corporate MA franchise tax payable	0.00
2144 Corporate NJ franchise tax payable	0.00
2145 Corporate NC franchise tax payable	0.00
2146 Corporate NY franchise tax payable	0.00
2147 Corporate IL franchise tax payable	0.00
2148 Corporate TN franchise tax payable	0.00
2149 Corporate CA franchise tax payable	0.00
2150 Corporate PA franchise tax deposit	0.00
2151 Corporate GA franchise tax deposit	0.00
2152 Corporate KY franchise tax deposit	0.00
2153 Corporate MA franchise tax deposit	0.00
2154 Corporate NJ franchise tax deposit	0.00
2155 Corporate NC franchise tax deposit	0.00
2156 Corporate NY franchise tax deposit	0.00
2157 Corporate IL franchise tax deposit	0.00
2158 Corporate TN franchise tax deposit	0.00
2159 Corporate CA franchise tax deposit	0.00
2170 Local withholding tax payable	0.00
2171 State withholding tax payable	0.00
2172 Federal depository	0.00
2173 Child support payable	0.00
2174 Payable - Stale payroll checks	0.00
2177 Federal unemployment tax payable	0.00
2178 State unemployment tax payable	0.00
2181 Accrued salary	131,363.67
2182 Deferred Franchise & Leasing Fees	99,692.97
Total Other Current Liabilities	**$279,941.51**
Total Current Liabilities	**$280,662.42**

Food Systems Unlimited, Inc.

Balance Sheet

As of June 30, 2025

	TOTAL
Long-Term Liabilities	
2324 Note payable - SunTrust Credit Line	0.00
2330 Deferred Franchise & Leasing Fee	466,522.70
2331 PPP Loan	0.00
2351 Lease Liability - long term	67,678.00
2380 S/H loan - Biagio L. Schiano	0.00
Total Long-Term Liabilities	**$534,200.70**
Total Liabilities	**$814,863.12**
Equity	
2770 Capital stock	37.50
2780 Paid in capital	253.13
2790 Retained Earnings	6,181,398.76
2800 Distributions - Biagio L. Schiano	-2,853,426.71
2801 Distributions - Biagio L Schiano Irrevocable Trust	-317,047.41
Opening Balance Equity	0.00
Net Income	575,792.79
Total Equity	**$3,587,008.06**
TOTAL LIABILITIES AND EQUITY	**$4,401,871.18**

Food Systems Unlimited, Inc.

Profit and Loss

January - June, 2025

	TOTAL
Income	
3015 Management fees	981,126.45
3020 Supervisory fees - Affiliates	292,417.00
3025 Supervisory fee - Teng Xin	27,851.00
3030 License fees	10,125.00
3060 Royalty fees	1,229,613.19
Total Income	**$2,541,132.64**
GROSS PROFIT	**$2,541,132.64**
Expenses	
5002 Salaries - Other	1,188,027.64
5004 Salaries - Officers	250,000.01
5005 Officers’ salaries - Health/BS	5,055.40
5010 Advertising and promotion	4,901.28
5020 Amortization	12,353.36
5030 Auto expenses	7,654.29
5045 Bank charges	3,506.05
5050 Cash over and short	0.00
5100 Depreciation	30,112.56
5110 Donations	375.00
5120 Dues and subscriptions	2,514.62
5127 Entertainment and meals 50%	20,367.54
5127.1 Entertainment - Nondeductible	0.00
5130 Insurance	19,515.57
5135 Insurance - Health	98,971.08
5180 Legal and accounting	559,282.07
5193 Maintenance - Cleaning	1,941.48
5194 Maintenance - Software	4,212.16
5205 Moving expense	3,000.00
5210 Office expense	18,994.36
5230 Payroll processing fee	5,544.35
5240 Payroll taxes	102,569.31
5248 Postage and delivery expense	5,358.31
5250 Professional services	85,382.74
5270 Rent - Minimum	149,961.00
5280 Repairs and maintenance	4,407.85
5285 Seminars and education	24.50
5287 Supplies	-9,572.62
5300 Taxes - Other	10,084.02
5310 Taxes - Franchise	3,814.00
5320 Telephone	13,580.86
5330 Travel - Airline	20,009.29
5331 Travel - Lodging	4,598.19

Food Systems Unlimited, Inc.

Profit and Loss

January - June, 2025

	TOTAL
5332 Travel - Other	1,354.46
5340 Uniforms	1,167.47
5345 Utilities	5,614.57
5350 Overhead charges/reimbursements	-163,521.05
Total Expenses	**$2,471,161.72**
NET OPERATING INCOME	**$69,970.92**
Other Income	
9011 Interest income - Banks	32,226.56
9015 Miscellaneous income	448,494.86
9017 Interest income - Affiliates	28,753.60
Total Other Income	**$509,475.02**
Other Expenses	
9051 Interest expense - Banks	616.48
9053 Credit line fee	3,036.67
Total Other Expenses	**$3,653.15**
NET OTHER INCOME	**$505,821.87**
NET INCOME	**$575,792.79**

EXHIBIT B

DEVELOPMENT AGREEMENT

FOOD SYSTEMS UNLIMITED, INC.

DEVELOPMENT AGREEMENT

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FOOD SYSTEMS UNLIMITED, INC.

DEVELOPMENT AGREEMENT

This Development Agreement (the "Agreement") is made and entered into this day of __________________________, by and between Food Systems Unlimited, Inc., a Florida corporation ("Franchisor"), and ________________________, an individual residing at ______________________("Developer") on the date this Agreement is executed by Franchisor below (the "Effective Date").

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, an affiliate of Franchisor has developed and owns a unique and distinctive system (hereinafter "System") relating to the establishment and operation of restaurants featuring Oriental cuisine including a large selection of chicken, beef and seafood dishes under the names "Asian Chao", "Chao Cajun", "Maki of Japan", and "TOBU" ("Food Systems Marks");

WHEREAS, the affiliate of Franchisor that owns the System also owns the Marks (as defined below) and has licensed Franchisor to use and license others to use the System and the Marks;

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

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

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

WHEREAS, Developer wishes to obtain certain development rights to operate restaurants (hereinafter "Restaurants" or "Franchised Businesses") under the System in the territory described in this Development Agreement;

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

ARTICLE I
GRANT

A. In reliance on the representations and warranties of Developer hereunder, Franchisor hereby grants to Developer and Developer hereby accepts, pursuant to the terms and conditions of this

Agreement, the right and obligation to develop the first quick-service Food Systems Restaurant within the geographic area described below (the "Territory"). Developer shall be granted rights to develop additional Restaurants subject to Developer's full compliance with all condition's precedent to the grant of such rights outlined below, which rights shall be exercised according to Section III.A and according to the development schedule on Attachment 2 (the "Development Schedule").

B. Developer acknowledges and understands that the rights granted hereunder pertain only to the development of a traditional quick-service Restaurant located in a regional or super- regional shopping mall ("Mall"). Except as provided in this Agreement, and subject to Developer's full compliance with this Agreement and any other agreement among Developer or any of its affiliates and Franchisor or any of its affiliates, Franchisor shall not establish or authorize any other person or entity, other than Developer, to establish a franchised quick-service Restaurant in any Mall within the Territory during the term of this Agreement. However, the grant of such rights shall not affect the rights of Franchisor's affiliates which may continue to develop company-owned quick-service Restaurants in any Mall within the Territory. Notwithstanding the above, Franchisor, any franchisee and any other authorized person or entity shall have the right, at any time, to advertise and promote the System. The Developer acknowledges and agrees that Franchisor and its affiliates operate Restaurants under the Marks. Further, Franchisor, its parent and its affiliates may offer and sell (and may authorize others to offer and sell): (i) collateral products under the Marks at or from any location, such as pre- packaged food products and memorabilia; (ii) food and beverage services under the Marks at or through any Restaurant or other permanent, temporary or seasonal food service facility providing in whole or in part the products and services offered by a Restaurant in any Reserved Area (as defined below) in the Territory; and (iii) any products or food and beverage services under any other names and marks. A Reserved Area is defined as any area of food courts (other than in retail shopping malls), airports, cafeterias, commissaries, schools, hotels and stadiums, arenas, ballparks, festivals, fairs and other mass gathering locations or events, and the premises of certain businesses that have an agreement with Franchisor for the placement of a Restaurant in more than one of their facilities ("National Accounts").

C. If Franchisor becomes aware of an available site located in a Mall within the Territory during the term of this Agreement, and Franchisor's affiliates do not elect to establish a company-owned or affiliate-owned Food Systems Restaurant at such site, and Franchisor, in its sole discretion, determines it is an acceptable site for the development of a franchised Restaurant, Franchisor shall provide Developer written notice that such site is available. If the Developer is in full compliance with its Development Schedule and all other terms of this Agreement and any franchise agreement or other agreement between Developer and Franchisor and its affiliates, Franchisor shall offer Developer a right of first refusal to establish a franchised Restaurant at the proposed site. Once Franchisor provides Developer notice that such franchise site is available, Developer shall notify Franchisor in writing within ten (10) days after such notice whether or not Developer desires to obtain the rights to develop a franchised Restaurant at the site. Developer shall execute a Franchise Agreement (as defined in Section II.A. below) in accordance with the terms hereof to establish a franchised Restaurant at the site within ten (10) days after delivering notice to the Franchisor of Developer's intent to exercise the right of first refusal. Any Food Systems Restaurant established by Developer pursuant to this procedure shall, at Developer's option, be included in the number of Restaurants Developer is obligated to establish under the Development Schedule contained in Attachment 2. If Developer elects not to develop such location, Franchisor shall have the right to develop that site itself, through an affiliate or another franchisee, or through any other authorized third party.

D. This Agreement is not a Franchise Agreement (as defined in Section II below) and does not grant to Developer any right or license to operate a Restaurant, distribute any goods or services, or any right to use or interest in the Marks.

ARTICLE II
FEE

A. As partial consideration for the development rights granted to Developer herein and the rights to be granted to Developer under separate franchise agreements ("Franchise Agreements"), Developer shall pay to Franchisor a total development fee of __________________ Dollars ($________), representing payment of Fifteen Thousand Dollars ($15,000) for each Restaurant to be developed hereunder. The development fee shall be due upon the execution of this Agreement and deemed fully earned by Franchisor for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein.

B. As consideration for the development rights granted hereunder and the rights to be granted to Developer under separate Franchise Agreements, under the terms of the Franchise Agreement, Developer shall pay to Franchisor an initial franchise fee of Thirty Thousand Dollars ($30,000) for the first Restaurant to be developed under this Agreement, and Fifteen Thousand Dollars ($15,000) each for the second and third additional Restaurant to be opened under this Agreement, and Ten Thousand Dollars ($10,000) for the fourth and subsequent Restaurant to be developed hereunder. The initial franchise fee shall be paid upon the execution of the applicable Franchise Agreement, in accordance with the terms thereof. The pro rata portion of the development fee allocable to each Restaurant paid under Section II.A above shall be credited against the initial franchise fee due for that Restaurant. All franchise fees are deemed earned upon payment thereof.

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

ARTICLE III
SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

A. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each Restaurant for which a development right is granted. Franchisor may, in its sole discretion, permit Developer to exercise such development rights through affiliated entities that are either wholly owned subsidiaries of Developer or commonly controlled entities with ownership identical to that of Developer. The Franchise Agreement to be executed for the first Restaurant to be developed by Developer under this Agreement shall be executed and delivered to Franchisor concurrently with the execution and delivery of this Agreement. All subsequent Restaurants developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for Restaurants under the System. These franchise agreements shall also be included in the term "Franchise Agreement" as used in this Agreement.

B. (1) Acknowledging that time is of the essence, and subject to the requirements of Section IV, Developer agrees to exercise its development rights according to Section III.A and according to the Development Schedule contained in Attachment 2 to this Agreement, which schedule designates the number of Restaurants in the Territory to be established and in operation by Developer.

(2) (a) Developer shall open each Restaurant developed hereunder and shall commence business in accordance with the Development Schedule described in this Section III, unless Developer obtains an extension of the development period, at the expiration of which Developer was to have opened and in operation a Restaurant. Developer may, subject to Franchisor's approval, purchase from Franchisor extensions of such development period as may be necessary to complete construction and commence operation of such Restaurant. Each extension shall be for an additional ninety (90) day period commencing upon the expiration of the applicable development period, including any previous extensions thereof ("Extension Date"). No more than two (2) extensions of any development period will be permitted. If an extension of a development period is granted by the Franchisor, the Opening Date (as defined in the Franchise Agreement) shall be extended to the Extension Date. No extension of any development period shall affect the duration of any other development period or any of Developer's other development obligations. If an extension is requested in the final development period, the term of this Agreement shall be extended to the Extension Date and thereafter, Developer shall have no further rights under this Agreement, except as provided in Sections VI and VII hereof.

(b) Developer shall notify Franchisor in writing at least sixty (60) days prior to the Projected Opening Date for a Restaurant that Developer will be unable to complete construction and commence operation of the Restaurant by the expiration date of the development period in which such Restaurant was to have been opened. In such notice Developer shall request the Franchisor to consider its request for extension and include a description of the reasons for such failure to develop in a timely manner and the expected date of completion of construction and opening, if the extension is granted. At the same time Developer provides Franchisor with such notice, Developer shall pay an extension fee of Five Thousand Dollars ($5,000), which is in addition to any lease-mandated expenses, such as rent (which is due to the landlord beginning with the date specified in the lease, even if store is not complete), and any landlord-issued penalties for delayed opening. provided, however, no extension fee shall be charged for any Restaurant for which Franchisor has approved a site in accordance with Section II of the Franchise Agreement and Franchisee has commenced construction (as defined in Section II.F of the Franchise Agreement).

(3) Failure by Developer to adhere to the Development Schedule (including any extensions thereof approved by Franchisor in writing) shall constitute a material event of default under this Agreement.

ARTICLE IV
PREREQUISITES TO OBTAINING FRANCHISES

A. Developer understands and agrees that this Agreement does not confer upon Developer a right or franchise to operate any Restaurant but is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain the right to operate Restaurants within the Territory.

B. Each of the following conditions and approvals must have occurred or be obtained before the grant of the right by the Franchisor to develop each Restaurant shall become effective. Developer must meet the "operational," "financial," "legal" and "ownership" conditions, as set forth below (collectively, the "Conditions") before such rights shall become effective:

(1) "Operational": Developer is in compliance with the Development Schedule and this Agreement. Developer and its affiliates (defined as any entity that is controlled by, controlling or under common control with such other entity) are in compliance with any other development or franchise agreement between Developer and its affiliates and Franchisor and its affiliates. Developer is conducting the operation of its existing Restaurants, if any, and is capable of conducting the operation of the proposed Restaurant (a) in accordance with the terms and conditions of this Agreement, (b) in accordance with the provisions of the respective Franchise Agreements, and (c) in accordance with the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement), as such Manuals may be amended from time to time or otherwise in writing.

(2) "Financial": Developer satisfies Franchisor's then-current financial criteria for developers and franchisees of Food Systems Restaurants with respect to Developer's operation of its existing Restaurants, if any, and the proposed Restaurant. Developer and Developer's affiliates, as the case may be, have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. Developer is not in default and has not been in default during the twelve (12) months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or its affiliates under any Franchise Agreement or other agreement between Developer and its affiliates and Franchisor or any of its affiliates. The Developer acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees be financially sound to avoid failure of a Restaurant and that such failure would adversely affect the reputation and good name of Franchisor and the System.

(3) "Legal": Developer has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor prior to and as a basis for the issuance of individual franchises or pursuant to any right granted to Developer by this Agreement or by any Franchise Agreement between Developer and Franchisor, and has taken such additional actions in connection therewith as may be requested by Franchisor from time to time.

(4) "Ownership": Developer may enter into the initial Franchise Agreement, or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership for the sole purpose of entering into a Franchise Agreement and operating the Restaurant pursuant thereto, provided that Developer shall also personally sign such Franchise Agreement as a principal. Developer shall not have transferred any interest in a Franchise Agreement prior to the completion and opening of the Restaurant for business to the public.

If Franchisor determines, in its sole discretion, that Developer has met all of the Conditions described above prior to the grant of the right to establish each additional Restaurant, then Franchisor shall grant to Developer the right to develop such additional Restaurants pursuant to the Development Schedule. The Conditions described above shall survive the termination or expiration of this Agreement and shall apply with respect to any Franchise Agreement executed pursuant to this Development Agreement.

ARTICLE V
TERM

A. Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the date on which Developer successfully and in a timely manner has exercised all of the development rights and completed the development obligations under this Agreement in accordance with the Development Schedule (including, if applicable, any extension thereof under Section III.B.).

ARTICLE VI
DEFAULT AND TERMINATION

A. Developer shall be deemed to be materially in default under this Agreement and all rights granted herein shall automatically terminate without notice to Developer (1) if Developer becomes insolvent or makes a general assignment for the benefit of creditors or files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state or admits in writing its inability to pay its debts when due; or (2) if Developer is adjudicated bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy law or any similar law or statute of the United States or any state; or (3) if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or (4) if proceedings for a composition with creditors under any state or federal law are instituted by or against Developer; or (5) if a final judgment against Developer remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); or (6) if execution is levied against Developer's business or properly; or (7) if suit to foreclose any lien or mortgage against the premises or equipment of any business operated hereunder or under any Franchise Agreement is instituted and not dismissed within thirty (30) days; or (8) if the real or personal properly of any business operated hereunder or under any Franchise Agreement shall be sold after levy by any sheriff, marshal or constable.

B. Developer shall be deemed to be materially in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default except as provided below, effective immediately upon written notice to Developer, upon the occurrence of any of the following events of default:

(1) If Developer fails to comply with the Development Schedule (or any extension thereof approved by Franchisor in writing);

(2) If Developer fails to execute each Franchise Agreement in accordance with Section III.C (or any extension thereof approved by Franchisor in writing);

(3) If Developer is convicted of, or shall have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Franchisor's interests therein;

(4) If a threat or danger to public health or safety results from the construction, maintenance or operation of any Restaurant developed under this Agreement;

(5) If Developer breaches fails to comply with all federal, state and local laws, rules, regulations, and orders;

(6) If Developer transfers or attempts to transfer any rights or obligations under this Agreement or any interest in Developer to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal with respect to such transfer, contrary to the terms of Section VIII;

(7) If Developer fails to comply with the covenants in Section VIII.A, VIII.B(1) or VIII.C or if Developer fails to obtain the execution of the covenants required under Section VIII.B(2) or

VIII.I within thirty (30) days following Franchisor's request that Developer obtain the execution of such covenants;

(8) If an approved transfer upon death or permanent disability is not effected within the time period and in the manner prescribed by Section VII.D;

(9) If Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein and does not cure such default within twenty-four (24) hours following notice from Franchisor;

(10) If Developer or any of its affiliates fails, refuses or neglects promptly to pay when due any monetary obligation owing to Franchisor or any of its affiliates or vendors under this Agreement, any Franchise Agreement or any other agreement and does not cure such default within five (5) days following notice from Franchisor (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(11) If Developer or any of its affiliates fails or refuses to comply with any terms and conditions of any sublease or related agreement between Franchisor or its affiliates and Developer or its affiliates, and does not cure such default within any notice and cure period provided for in such sublease or related agreement following notice from Franchisor of such default (unless no cure period is specified in the sublease or other agreement, in which case the notice and cure period provided in Section VI.C shall apply);

(12) If Developer or any of its affiliates are in default under any Franchise Agreement, Franchisor may provide notice (if applicable) and terminate this Agreement under the same terms that Franchisor may provide notice and terminate the Franchise Agreement; and

(13) If Developer repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Developer after notice by Franchisor.

C. Except as provided above in Section VI.B, if Developer fails to comply with any other term or condition imposed by this Agreement, or any other development or franchise agreement between Developer and Franchisor, as such may from time to time be amended, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, subject to Section VI.D, Developer's rights under this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

D. Upon default by Developer under Section VI.B or C, Franchisor has the option, in its sole discretion, in addition to exercising its option to terminate this Agreement as provided in Sections VI.B and C, to do any one or more of the following:

(1) terminate or modify any territorial rights granted to Developer in Section I.B.;

(2) reduce the area of such territorial rights;

(3) reduce the number of Restaurants which Developer may establish pursuant to Section III.B(1);

(4) accelerate the Development Schedule;

(5) permit Developer to purchase an extension of the Development Schedule pursuant to Section III.B.(3);

(6) pursue any other remedy Franchisor may have at law or in equity.

E. (1) Upon the termination or expiration of this Agreement, Developer shall have no right to establish or operate any Restaurant for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination or expiration.

(2) If Franchisor elects to terminate the territorial rights granted to Developer in Section I.B, modify such territorial rights or reduce the area of territorial rights as provided in Section VI.D above, Developer shall continue to develop Restaurants in accordance with the Development Schedule (or Supplementary Development Schedule, as applicable), to the extent that the number of Restaurants Developer is required to develop is reduced and/or the area in which such Restaurants are required to be developed is reduced by Franchisor pursuant to Sections VI.D(2) and (3).

(3) If Franchisor exercises any of its rights in Section VI.D, or if this Agreement otherwise expires or terminates, Franchisor shall be entitled to establish, and to license others to establish, Restaurants in the Territory or in the portion thereof no longer part of the Territory or pursuant to any other modification of Developer's territorial rights, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

F. Franchisor's exercise of any of its options under Section VI.D shall not, in the event of a default, constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

G. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, unless the default is also a default under the terms of such Franchise Agreement.

H. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

I. Upon termination or expiration of this Agreement, Developer shall comply with the restrictions on confidential information contained in Section VIII.B and the covenants against competition contained in Section VIII.D. Any other person required to execute similar covenants pursuant to Section VIII.B(2) or VIII.I shall also comply with such covenants.

ARTICLE VII
TRANSFER OF INTEREST

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

B. (1) Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has granted such rights in reliance on the business skill, financial capacity and personal character of Developer and with the expectation that the duties and obligations contained in this Agreement will be performed by Developer signing this Agreement. Accordingly, neither Developer nor any successor or assign of Developer, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement or in Developer without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

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

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

(b) Developer and its affiliates are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement or other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates; and Developer shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

(c) The transferor and its principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer and Franchisor or any of its affiliates or under federal, state or local laws, rules, and regulations or orders. Developer also agrees to subordinate any claims Developer may have against the transferee to Franchisor and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee.

(d) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other Food Systems Restaurants operated by transferee, if any;

(e) The transferee shall enter into a written agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability for and agreeing to perform from the date of the transfer all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall also execute such agreement as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute the standard form development agreement then being offered to new System developers or a revised form of this Agreement, as Franchisor deems appropriate, and such other ancillary agreements as Franchisor may require, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, and if the transferee is a corporation or partnership, transferee's shareholders, partners or other investors, as applicable, shall also execute such agreements as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements;

(g) The transferor shall remain liable for all of the obligations to Franchisor in connection with this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability; and

(h) Developer shall pay a transfer fee equal to twenty-five percent (25%) of our then initial franchise fee, or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees.

(3) Developer acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to ensure such transferee's full performance of the obligations hereunder.

C. (1) If Developer wishes to transfer all or part of its interest in this Agreement or if Developer wishes to transfer any ownership interest in Developer, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by Franchisor describing such offer, to send written notice to the transferor that Franchisor intends to purchase the transferor's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the transferor's interest, closing on such purchase must occur within the later of sixty (60) days from the date of notice to the transferor of the election to purchase by Franchisor, sixty (60) days from the date Franchisor receives or obtains all necessary documentation, permits and approvals, or such other date the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section VII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section VIII relating to a proposed transfer.

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

(3) Failure to comply with the provisions of this Section VIII.D prior to the transfer of any interest in Developer or in this Agreement shall constitute a material event of default under this Agreement.

D. (1) The grant of rights under this Agreement is personal to Developer, and on Developer's death or permanent disability, the executor, administrator, conservator, or other personal representative of Developer shall be required to transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and all that is granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Developer's Restaurant(s) and remaining Development Schedule during the six (6)-month period from its onset.

(2) Upon the death or claim of permanent disability of Developer, a representative of Developer must promptly notify Franchisor of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section VII for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section VII.D, then such failure shall constitute a material event of default under this Agreement.

E. Franchisor's consent to a transfer of any interest in Developer or in this Agreement described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

ARTICLE VIII
COVENANTS

A. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor and the Developer shall devote full time, energy and best efforts to the management and operation of the development activities contemplated under this Agreement.

B. (1) Developer shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person, persons, partnership, association or corporation and, following the termination or expiration of this Agreement, shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of development and operation of the Restaurants which may be communicated to Developer or of which they may be apprized under this Agreement. Developer shall disclose such confidential information only to Developer's personnel who must have access to it in connection with their employment with Developer.

Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to the Developer in connection with this Agreement shall be deemed confidential for the purposes of this Agreement. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer.

C. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable training, trade secrets and confidential information which are beyond the present skills and experience of Developer and Developer's managers and employees, and that Developer has the right and the obligation, arising from this Agreement, to develop the Territory for the benefit of the System. Developer acknowledges that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurants and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason for entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, Developer covenants that with respect to Developer, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership or corporation:

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

(2) Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any business located in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant; including a restaurant which offers and sells Oriental food items.

D. With respect to Developer, and for a continuous uninterrupted period commencing upon the expiration or termination of, or transfer of all of Developer's interest in, this Agreement, and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

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

(2) Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any business that is of a character and concept similar to the Restaurant, including a restaurant which offers and sells Oriental food items, which business is, or is intended to be, located within the Territory or within a twenty-five (25)-mile radius of the location of any Restaurant or food service facility in existence or under construction at any given time during such period.

E. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section IX 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 expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Section.

F. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section VIII.B, or any portion thereof, without their consent, effective immediately upon notice to Developer; and Developer agrees that they shall immediately comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XIV.A.

G. Developer expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section VIII. The developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section.

H. Failure to comply with the requirements of this Section shall constitute a material event of default under this Agreement. Developer acknowledges that a violation of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Developer in violation of the terms of this Section. Developer agrees to pay all court costs and reasonable legal fees incurred by Franchisor in obtaining specific performance, injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Section.

ARTICLE IX
INDEPENDENT LICENSEE AND INDEMNIFICATION

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

B. During the term of this Agreement, Developer shall hold itself out to the public as an independent licensee conducting its development operations pursuant to development rights granted by Franchisor. Developer agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place in any Restaurant established under any Franchise Agreement for the purposes hereunder, the content and form of which Franchisor reserves the right to specify in writing.

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

D. (1) Developer shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor and its affiliates, successors and assigns, their respective partners and affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, independent contractors, servants and employees of each of them ("Indemnitees") from all "losses and expenses" (as defined in Section IX.D(4)(b) below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(a) The infringement, alleged infringement, or any other violation or alleged violation by Developer of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any rights to use the Marks, any copyrights or other proprietary information granted to Developer under any Franchise Agreement);

(b) The violation, breach or asserted violation or breach by Developer of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

(c) Libel, slander or any other form of defamation of Franchisor, the System, or any developer or franchisee under the System, by Developer;

(d) The violation or breach by Developer of any warranty, representation, agreement or obligation in this Agreement or in any Franchise Agreement or other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates, their respective partners, or the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of any of them; and

(e) Acts, errors or omissions of Developer, any of Developer's affiliates, and the officers, directors, shareholders, partners, agents, independent contractors, servants, employees and representatives of Developer and its affiliates in connection with the performance of the development activities contemplated under this Agreement or the establishment and operation of any Restaurant pursuant to any Franchise Agreement.

(2) Developer agrees to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer, Franchisor may elect to control (but under no circumstance is obligated to undertake) and associate counsel of its own choosing with respect to the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall not, in any manner or form, diminish the obligation of Developer to indemnify the Indemnitees and to hold them harmless.

(3) In order to protect persons or property or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice as it in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(a) any of the acts or circumstances enumerated in Section IX.D(1) above has occurred; or

(b) any act, error or omission as described in Section IX.D(1)(e) may result directly or indirectly in damage, injury or harm to any person or any property.

(4) (a) All losses and expenses incurred under this Section IX shall be chargeable to and paid by Developer pursuant to its obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of such action, activity or defense.

(b) As used in this Section IX, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, legal fees, court costs, settlement amounts, judgments, compensation for damages to Franchisor’s reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

(5) The Indemnitees do not assume any liability whatsoever for acts, errors or omissions of those with whom Developer, any of Developer’s affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer or its affiliates may contract, regardless of the purpose. Developer shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of Developer, Developer’s affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer and its affiliates and any such third parties without limitation and without regard to the cause or causes thereof or the negligence of Franchisor or any other party or parties arising in connection therewith, and whether such negligence be sole, joint or concurrent or active or passive.

(6) Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against Developer. Developer agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Developer by the Indemnitees.

(7) Developer expressly agrees that the terms of this Section IX.D shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE X
APPROVALS

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

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

ARTICLE XI
NON-WAIVER AND REMEDIES

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

B. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section VI of this Agreement shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, Developer shall pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

ARTICLE XII
NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of an expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing. Business days for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

ARTICLE XIII
SEVERABILITY AND CONSTRUCTION

A. 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.

B. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Franchisor and Franchisor's officers, directors and personnel and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section VII), any rights or remedies under or as a result of this Agreement.

C. All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement.

D. All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

E. This Agreement may be executed in counterparts and each copy so executed shall be deemed an original.

F. This Agreement shall not become effective until signed by the President of Franchisor.

G. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

ARTICLE XIV
ENTIRE AGREEMENT; APPLICABLE LAW; MEDIATION; ARBITRATION; LITIGATION

A. This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Developer concerning the subject matter hereof, and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document. 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.

B. THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND ATTACHMENTS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE TO ARBITRATION OR IN A COURT. THE MEDIATION SHALL BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT, WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM, CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), THROUGH THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, AT

FRANCHISOR'S CORPORATE HEADQUARTERS IN LONGWOOD, FLORIDA. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR, 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 APPOINTED, THEN THE DISPUTE SHALL BE SUBMITTED TO ARBITRATION IN ACCORDANCE WITH SECTION XV.C BELOW. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE RELIEF, OR (3) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY IN A COURT HAVING JURISDICTION AND IN ACCORDANCE WITH SECTION XIV.D BELOW, WITHOUT SUBMITTING SUCH ACTION TO MEDIATION OR ARBITRATION.

C. (1) EXCEPT AS PROVIDED IN THIS AGREEMENT, FRANCHISOR, DEVELOPER AGREES THAT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THE FRANCHISE, DEVELOPER'S DEVELOPMENT ACTIVITIES, ESTABLISHMENT OR OPERATION OF ANY RESTAURANT UNDER THIS AGREEMENT (AND ANY AMENDMENTS THERETO) INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY DEVELOPER, OR PERSONS CLAIMING ON BEHALF OF DEVELOPER, CONCERNING THE ENTRY INTO, THE PERFORMANCE UNDER OR THE TERMINATION OF THE AGREEMENT, OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR, OR ITS AFFILIATES, AND DEVELOPER, ANY CLAIM AGAINST A PAST OR PRESENT OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF FRANCHISOR, INCLUDING THOSE OCCURRING SUBSEQUENT TO THE TERMINATION OF THIS AGREEMENT, THAT CANNOT BE AMICABLY SETTLED AMONG THE PARTIES OR THROUGH MEDIATION SHALL, EXCEPT AS SPECIFICALLY SET FORTH HEREIN AND IN SECTION XV.D, BE REFERRED TO ARBITRATION. THE ARBITRATION SHALL BE CONDUCTED THROUGH AN ORGANIZATION OR BODY EXPERIENCED IN THE ARBITRATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES DESIGNATED BY FRANCHISOR. IF FRANCHISOR FAILS TO DESIGNATE AN ORGANIZATION OR BODY WITHIN A REASONABLE TIME AFTER THE DISPUTE HAS BEEN REFERRED FOR ARBITRATION (NOT TO EXCEED FIFTEEN (15) DAYS), ARBITRATION SHALL BE CONDUCTED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AS AMENDED, EXCEPT THAT THE ARBITRATOR SHALL APPLY THE FEDERAL RULES OF EVIDENCE DURING THE CONDUCT OF THE HEARING SESSIONS WITH RESPECT TO THE ADMISSIBILITY OF EVIDENCE. IF SUCH RULES ARE IN ANY WAY CONTRARY TO OR IN CONFLICT WITH THIS AGREEMENT, THE TERMS OF THE AGREEMENT SHALL CONTROL ONLY CLAIMS, CONTROVERSIES OR DISPUTES INVOLVING DEVELOPER MAY BE BROUGHT HEREUNDER. NO CLAIM FOR OR ON BEHALF OF ANY OTHER DEVELOPER, FRANCHISEE OR SUPPLIER, OR CLASS, REPRESENTATIVE OR ASSOCIATION THEREOF, MAY BE BROUGHT BY DEVELOPER HEREUNDER.

(2) THE PARTIES SHALL AGREE ON AN ARBITRATOR WITHIN FIFTEEN (15) DAYS OF THE FILING OF ARBITRATION. IF THE PARTIES CANNOT AGREE ON A SINGLE ARBITRATOR, FRANCHISOR AND DEVELOPER SHALL EACH SELECT ONE (1) ARBITRATOR. IF THE PARTY UPON WHOM THE DEMAND FOR ARBITRATION IS SERVED FAILS TO SELECT AN ARBITRATOR WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THE DEMAND FOR ARBITRATION, THEN THE ARBITRATOR SO DESIGNATED BY THE PARTY REQUESTING ARBITRATION SHALL ACT AS THE SOLE ARBITRATOR TO RESOLVE THE CONTROVERSY AT HAND. THE TWO ARBITRATORS DESIGNATED BY THE PARTIES SHALL SELECT A THIRD ARBITRATOR. IF THE TWO ARBITRATORS DESIGNATED BY THE PARTIES FAIL TO SELECT A THIRD ARBITRATOR WITHIN FIFTEEN (15) DAYS, THE THIRD

ARBITRATOR SHALL BE SELECTED BY THE ORGANIZATION AGREED UPON OR THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION BY EITHER PARTY. ALL OF THE ARBITRATORS SHALL BE EXPERIENCED IN THE ARBITRATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES. THE ARBITRATION SHALL TAKE PLACE AT FRANCHISOR'S CORPORATE OFFICES. THE AWARD OF THE ARBITRATORS SHALL BE FINAL AND JUDGMENT UPON THE AWARD RENDERED IN ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE COSTS AND EXPENSES OF ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE ARBITRATORS SHALL BE REQUIRED TO SUBMIT WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW WITHIN THIRTY (30) BUSINESS DAYS FOLLOWING THE FINAL HEARING SESSION OF THE ARBITRATION. THE COSTS AND EXPENSES OF ARBITRATION, INCLUDING COMPENSATION AND EXPENSES OF THE ARBITRATORS, SHALL BE BORNE BY THE PARTIES AS THE ARBITRATORS DETERMINE.

(3) NOTWITHSTANDING THE ABOVE, THE FOLLOWING SHALL NOT BE SUBJECT TO ARBITRATION:

(i) DISPUTES AND CONTROVERSIES ARISING FROM THE SHERMAN ACT, THE CLAYTON ACT OR ANY OTHER FEDERAL OR STATE ANTITRUST LAW;

(ii) DISPUTES AND CONTROVERSIES BASED UPON OR ARISING UNDER THE LANHAM ACT, AS NOW OR HEREAFTER AMENDED, RELATING TO THE OWNERSHIP OR VALIDITY OF THE TRADEMARKS;

(iii) DISPUTES AND CONTROVERSIES RELATING TO ACTIONS TO OBTAIN POSSESSION OF THE PREMISES OF THE RESTAURANT UNDER LEASE OR SUBLEASE.

(4) IF FRANCHISOR SHALL DESIRE TO SEEK SPECIFIC PERFORMANCE OR OTHER EXTRAORDINARY RELIEF INCLUDING, BUT NOT LIMITED TO, INJUNCTIVE RELIEF UNDER THIS AGREEMENT, AND ANY AMENDMENTS THERETO, OR TO COLLECT MONIES DUE, THEN ANY SUCH ACTION SHALL NOT BE SUBJECT TO ARBITRATION AND FRANCHISOR SHALL HAVE THE RIGHT TO BRING SUCH ACTION AS DESCRIBED IN SECTION XV.D.

(5) IN PROCEEDING WITH ARBITRATION AND IN MAKING DETERMINATIONS HEREUNDER, THE ARBITRATORS SHALL NOT EXTEND, MODIFY OR SUSPEND ANY TERMS OF THIS AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY FRANCHISOR IN GOOD FAITH. NOTICE OF OR REQUEST TO OR DEMAND FOR ARBITRATION SHALL NOT STAY, POSTPONE OR RESCIND THE EFFECTIVENESS OF ANY TERMINATION OF THIS AGREEMENT. THE ARBITRATORS SHALL APPLY FLORIDA LAW AND THE TERMS OF THIS AGREEMENT IN REACHING THEIR DECISION.

D. WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION OR ARBITRATION AS OTHERWISE PROVIDED ABOVE, DEVELOPER HEREBY IRREVOCABLY SUBMITS THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF SEMINOLE COUNTY, FLORIDA AND THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF FLORIDA. DEVELOPER HEREBY

WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND WAIVING ALL RIGHTS TO TRIAL BY JURY. DEVELOPER AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDA OR FEDERAL LAW. DEVELOPER FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE SEMINOLE COUNTY, FLORIDA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (3) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, FRANCHISOR MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS RELATED TO THIS AGREEMENT OR THE RELATIONSHIP CREATED THEREBY, THIS AGREEMENT AND ANY SUCH RELATED CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS SHALL BE GOVERNED, ENFORCED, AND INTERPRETED UNDER FLORIDA LAW (EXCEPT FOR FLORIDA CHOICE OF LAW RULES).

E. DEVELOPER AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH IN SECTIONS XIV.C AND D. ABOVE PROVIDES EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF DEVELOPER AND FRANCHISOR FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING APPLICABLE STATE LAW AND CHOICE OF FORUM HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

F. DEVELOPER AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN LONGWOOD, FLORIDA, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF DEVELOPER ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER, SHALL OCCUR IN LONGWOOD, FLORIDA.

G. WITHOUT LIMITING ANY OF THE FOREGOING, FRANCHISOR RESERVES THE RIGHT, AT ANY TIME, TO CREATE A DISPUTE RESOLUTION PROGRAM AND RELATED SPECIFICATIONS, STANDARDS, PROCEDURES AND RULES FOR THE IMPLEMENTATION THEREOF TO BE ADMINISTERED BY FRANCHISOR OR ITS DESIGNEES FOR THE BENEFIT OF ALL DEVELOPERS AND FRANCHISEES CONDUCTING BUSINESS UNDER THE SYSTEM. THE STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES FOR SUCH DISPUTE RESOLUTION PROGRAM SHALL BE MADE PART OF THE MANUALS AND IF MADE PART OF THE MANUALS, ON EITHER A VOLUNTARY OR MANDATORY BASIS, DEVELOPER SHALL COMPLY WITH ALL SUCH STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES IN SEEKING RESOLUTION OF ANY CLAIMS, CONTROVERSIES OR DISPUTES WITH OR INVOLVING FRANCHISOR OR OTHER DEVELOPERS OR FRANCHISEES, IF APPLICABLE UNDER THE PROGRAM. IF SUCH DISPUTE RESOLUTION PROGRAM IS MADE MANDATORY, THEN DEVELOPER AND FRANCHISOR AGREE TO SUBMIT ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND ATTACHMENTS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT FOR RESOLUTION IN ACCORDANCE WITH SUCH DISPUTE RESOLUTION PROGRAM PRIOR TO

SEEKING RESOLUTION OF SUCH CLAIMS, CONTROVERSIES OR DISPUTES IN THE MANNER DESCRIBED IN SECTIONS XV.B. (PROVIDED THAT THE PROVISIONS OF SECTION XIV CONCERNING FRANCHISOR'S RIGHT TO SEEK RELIEF IN A COURT FOR CERTAIN ACTIONS INCLUDING FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF SHALL NOT BE SUPERSEDED OR AFFECTED BY THIS SECTION XIV.G OR IF SUCH CLAIM, CONTROVERSY OR DISPUTE RELATES TO ANOTHER DEVELOPER OR FRANCHISEE, DEVELOPER AGREES TO PARTICIPATE IN THE PROGRAM AND SUBMIT ANY SUCH CLAIMS, CONTROVERSIES OR DISPUTES IN ACCORDANCE WITH THE PROGRAM'S STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES, PRIOR TO SEEKING RESOLUTION OF SUCH CLAIM BY ANY OTHER JUDICIAL OR LEGALLY AVAILABLE MEANS).

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

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The parties hereto have duty executed and delivered this Agreement on the day and year first above written.

FRANCHISOR:

FOOD SYSTEMS UNLIMITED, INC.,
a Florida corporation

By:______________________________
Name:____________________________
Title:_____________________________
Date Accepted:_____________________
(The "Effective Date")

DEVELOPER:

By:______________________________
Name:____________________________
Date:_____________________________

ATTACHMENT 1

TERRITORY

The Territory shall be described as (insert map and/or define by zip codes):

____

____

____

ATTACHMENT 2

DEVELOPMENT SCHEDULE

1. **Store Development**. Developer agrees to develop a total of ____ (__) Restaurants in accordance with the terms of this Agreement.

2. **Development Obligations**. Developer agrees to open each Restaurant specified on or before the specified opening date shown below and to have open and in operation in the Territory on or before each opening date the cumulative number of Restaurants shown below:

Restaurant Number	Restaurant Opening By: Date	Cumulative Number Of Restaurants To Be Open and In Operation No Later Than the Opening Date

FRANCHISOR:

FOOD SYSTEMS UNLIMITED, INC.,
a Florida corporation

By:____________________________________
Name:________________________________
Title:_________________________________

DEVELOPER:

____

Name:__________________________________

EXHIBIT C

FRANCHISE AGREEMENT

FOOD SYSTEMS UNLIMITED, INC.

FRANCHISE AGREEMENT

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FOOD SYSTEMS UNLIMITED, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is being entered into this day of ____________________, (the "Effective Date") by and between Food Systems Unlimited, Inc., a Florida corporation, with principal offices at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750 ("Franchisor") and ________________________________, a(n) _____________________, with its principal place of business located at ____ and ________________'s principals ___________________, an individual residing at __________________________ _______________ and ______________________________, an individual residing at ____________________ ________________________("Principal(s)"). ______________________ and Principal(s) shall be collectively referred to in this Agreement as "you" or "your" or "Franchisee".

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, Franchisor has developed and owns a unique and distinctive system (hereinafter "System") relating to the establishment and operation of restaurants featuring Oriental cuisine including a large selection of chicken, beef and seafood dishes under the names "Asian Chao", "Chao Cajun", "Maki of Japan", and "TOBU";

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

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks "Asian Chao", "Chao Cajun", "Maki of Japan", "TOBU" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter referred to as "Marks");

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

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

WHEREAS, Franchisee desires to use the System in connection with the operation of a Restaurant at the location specified in Attachment 1 hereto, as well as to receive the training and other assistance provided by Franchisor in connection therewith.

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

ARTICLE I
GRANT

A. In reliance on your representations and warranties hereunder, Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate a quick-service Restaurant under the Marks and the System in accordance with this Agreement ("Restaurant" or "Franchised Business") of the following type:

___ **Asian Chao**
___ **Chao Cajun**
___ **Maki of Japan**
___ **TOBU**

Franchisee and the Principals have represented to Franchisor that they have entered this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. Franchisee understand and acknowledge that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character, and expectations of performance hereunder by Franchisee and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public and in accordance with Section II.G.

B. The specific address of the Restaurant location accepted by Franchisor shall be set forth in Attachment 1 ("Location" or "Accepted Location"). Franchisee shall not relocate the Restaurant without the express prior written consent of Franchisor. This Agreement does not grant to Franchisee the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any other location.

C. If Franchisee is unable to continue the operation of the Restaurant at the Accepted Location because of the occurrence of a force majeure event (as described in Section XVII.A(3)(e)), then Franchisee may request approval of Franchisor to relocate the Restaurant to another location in the Assigned Area, as defined below. Any other request to relocate the Restaurant shall also be subject to the same procedures. If Franchisor elects to grant Franchisee the right to relocate the Restaurant, then Franchisee shall comply with the site selection and construction procedures set forth in Section II.

D. Upon the execution of this Agreement, Franchisee will be assigned a primary area of operation ("Assigned Area") that will also be described in Attachment 1, which Assigned Area may only include the venue in which the Restaurant is actually located, such as an enclosed mall or airport. Except as provided in this Agreement, and subject to Franchisee's full compliance with this Agreement, any other agreement among Franchisee or any of its affiliates (defined as any entity that is controlled by, controlling or under common control with such other entity) and Franchisor or any of its affiliates, neither Franchisor nor any affiliate shall establish or authorize any other person or entity, other than Franchisee, to establish a quick-service Restaurant in the Assigned Area during the term of this Agreement. Franchisee acknowledges and understands that the rights granted hereunder pertain only to the establishment of a quick-service Restaurant. Notwithstanding the above, Franchisor, any franchisee and any other authorized person or entity shall have the right, at any time, to advertise and promote the System and fill customer orders in the Assigned Area. Franchisee acknowledges and agrees that Franchisor and its affiliates operate Restaurants under the Marks, and further agrees and acknowledges that the license granted hereby is only for the operation of one (1) Restaurant. Accordingly, in the Assigned Area, Franchisor, its parent and its affiliates may operate restaurants under different marks and with operating systems that are the same or similar to the System, and that any such restaurants might compete with Franchisee's restaurant. Further, Franchisor, its parent and its affiliates may own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks and/or other operating systems, regardless of whether such businesses are the same, similar, or different from the Restaurant. Franchisor, its parent or its affiliates may also offer and sell (and may authorize others to offer and sell): (i) collateral products under the Marks at or from any location; (ii) food and beverage services under the Marks at or through any Restaurant or other permanent, temporary or seasonal food service facility providing in whole or in part the products and services offered by a Restaurant in any Reserved Area (as defined below); and (iii) any products or food and beverage services under any other names and marks. A Reserved Area is defined as any area of retail establishments or food court (other than in the retail shopping mall in which the Restaurant is located), airports, cafeterias, commissaries, schools, hotels and stadiums, arenas, ballparks, festivals, fairs and other mass gathering locations or events, and the premises of certain customers with corporate campus or institutional feeding sites that have an agreement with Franchisor for the placement of a Restaurant in more than one of their facilities ("Institutional Feeders").

E. After Franchisee's acceptance of a proposed Accepted Location from the Franchisor or selects an Accepted Location by itself, for the Restaurant, Franchisee shall also be assigned an Area of Primary Responsibility (the "Area of Primary Responsibility") by Franchisor, which shall be set forth in Attachment 1. Franchisee shall make all commercially reasonable efforts to advertise and promote the Franchised Business in its Area of Primary Responsibility in accordance with Section VIII. Franchisee's Area of Primary Responsibility shall not be exclusive to Franchisee for any purpose except to the extent it includes the Assigned Area. An Area of Primary Responsibility may only include the regional mall or airport that the Restaurant is located in or the actual Accepted Location itself. This shall be determined in Franchisor's sole discretion and shall not include any other protected or exclusive area. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Area of Primary Responsibility and from using alternative methods of distribution as more fully specified herein.

ARTICLE II
SITE SELECTION, PLANS AND CONSTRUCTION

A. Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing a mutually acceptable site for the Restaurant within the Assigned Area and for constructing and equipping the Restaurant at such site. Franchisee shall not make any binding commitment to a prospective lessor of real estate with respect to a site for the Restaurant unless the site is accepted as set forth below. Franchisee acknowledges that the location, selection, procurement and development of a site for the Restaurant is Franchisee's responsibility; that in discharging such responsibility Franchisee may consult with real estate and other professionals of Franchisee's choosing or of the Franchisor's; and that Franchisor's approval of a prospective site and the rendering of assistance in the selection of a site, or the actual selection of a site to be subleased back to Franchisee, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Restaurant operated at that site will be profitable or otherwise successful.

B. (1) Prior to acquiring by lease or sublease, a site for the Restaurant, Franchisee shall locate a site for the Restaurant that satisfies the site selection guidelines provided to Franchisee by Franchisor pursuant to Section V.(1) and shall submit to Franchisor in the form specified by Franchisor a description of the site, including evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, together with such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee agrees that it will submit such information and materials for the proposed site to Franchisor for its approval no later than thirty (30) days after the execution of this Agreement. Franchisor shall have thirty (30) days after receipt of this information and materials to approve or disapprove, in its sole discretion, the proposed site as the location for the Restaurant. No site may be used for the location of the Restaurant unless it is first accepted in writing by Franchisor. In the event a site has been predetermined and a lease negotiated by the Franchisor or an affiliate of the Franchisor, Franchisee shall not be required to provide the above information and materials to the Franchisor

(2) . Franchisee shall occupy the premises of the Restaurant under a lease, or a sublease provided by the Franchisor and shall furnish to Franchisor a copy of the executed lease within ten (10) days after execution, if the premises are not sublet from the Franchisor or it affiliate. No lease for the Restaurant premises shall be accepted by Franchisor unless a rider to the lease, prepared by Franchisor and executed by Franchisor, Franchisee and the lessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. Franchisor shall have fifteen (15) days after receipt of the lease to either approve or disapprove such documentation prior to its execution.

(3) If Franchisor requires Franchisee to sublease the premises for the Restaurant from Franchisor or an affiliate of the Franchisor, as a result of Franchisor's efforts in securing such premises for the Franchisee, Franchisee shall execute a sublease agreement in substantially the form attached as Attachment 6 to this Agreement (the "Sublease"). Franchisee shall obtain its own attorneys and real estate professionals to review the premises, the Sublease and the master lease between the Franchisor or its affiliates and the lessor of the premises (the "Master Lease"). However, when Franchisor or one of its affiliates negotiates a Master Lease for the premises on Franchisee's behalf, which Master Lease, in Franchisor's reasonable judgment, would be acceptable for the operation of a Food Systems brand Restaurant, Franchisee shall be required to pay to Franchisor a reasonable lease acquisition fee, which may include both legal fees and brokerage fees. In addition, Franchisee shall be required to remit its monthly lease payments directly to the lessor and provide proof of such payment, in the form requested, to the Franchisor. If Franchisee fails to remit its monthly lease payments to lessor, Franchisee shall be required to remit the monthly lease payment directly to Franchisor at least fifteen (15) days prior to the lease payment due date. Franchisor shall then remit the monthly lease payment to lessor. If Franchisee will occupy the premises of the Restaurant under a lease or sublease from a person or entity other than Franchisor or one of its affiliates, Franchisee shall submit a copy of the lease or sublease to Franchisor for written approval prior to its execution and shall furnish to Franchisor a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Restaurant premises shall be accepted by Franchisor unless a Collateral Assignment of Lease, prepared by Franchisor and executed by Franchisor, Franchisee and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. Franchisor shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either approve or disapprove such documentation prior to its execution.

(4) After a location for the Restaurant is accepted by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be set forth in Attachment 1. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 1; otherwise, Attachment 1 provided to Franchisee shall be deemed final.

C. Within forty-five (45) days after Franchisor has accepted the site for the Restaurant as described above (or such longer period as Franchisor approves in writing), which site has not been obtained from Franchisor or its affiliates, Franchisee shall acquire by lease, at Franchisee's expense, the Accepted Location for the Restaurant at such site as set forth below. Failure by Franchisee to acquire the site for the Restaurant within the time and in the manner required herein shall constitute a material event of default under this Agreement.

D. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Restaurant premises. Prior to beginning the construction of the Restaurant, Franchisee shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant, and (ii) certify in writing to Franchisor that the insurance coverage specified in Section XII is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon request, Franchisee shall provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

E. Franchisee must obtain any architectural, engineering and design services it deems necessary for the construction of the Restaurant at its own expense from an architectural design firm approved by Franchisor. Franchisee shall adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to Franchisee by Franchisor in accordance with Section V. (3) as necessary for the construction of the Restaurant and shall submit such adapted plans to Franchisor for review. If Franchisor determines, in its sole discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans, and in this event will notify Franchisee of any objection(s) within thirty (30) days of receiving such plans. If Franchisor fails to notify Franchisee of an objection to the plans within this time period, Franchisee may use such plans. If Franchisor objects to any such plans, it shall provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. Franchisor shall, upon a re-submission of the plans with such changes, notify Franchisee within fifteen (15) days of receiving the resubmitted plans whether the plans are acceptable. If Franchisor fails to notify Franchisee of any objection within such time period, Franchisee may use the resubmitted plans. Franchisee acknowledges that Franchisor's review of such plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor that such plans are accurate or free of error concerning their design or structural application.

F. Franchisee shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant. Commencement of construction shall be defined as the time at which any site work is initiated by or on behalf of Franchisee at the location accepted for the Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, Franchisee shall provide Franchisor with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor. In addition, Franchisor shall make such on-site inspections as it may deem reasonably necessary to evaluate such progress. Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, Franchisor may, at its option, conduct an inspection of the completed Restaurant. Franchisee acknowledges and agrees that Franchisee will not open the Restaurant for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

G. Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Restaurant and commence business within the time set forth in the lease or sublease after Franchisee has obtained possession of the Accepted Location. The date the Restaurant opens for business to the public as provided herein ("Opening Date") shall be set forth in Attachment 1. Prior to opening, Franchisee shall complete all exterior and interior preparations for the Restaurant, 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 VI.B. - G., to Franchisor's satisfaction. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Restaurant and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

ARTICLE III
TERM AND SUCCESSOR OPTION

A. Unless sooner terminated as provided in Section XVII. hereof, the term of this Agreement shall continue from the date stated on the first page hereof until the earlier of (i) ten (10) years from Opening Date or (ii) the expiration or termination of Franchisee's right to possess the Restaurant premises.

B. Franchisee, shall be given the right of first refusal to enter into a successor agreement for one (1) additional term of ten (10) years (provided that such successor term shall automatically terminate upon the expiration or termination of Franchisee's right to possess the Restaurant premises), assuming that Franchisor is able to secure any such successor rights under the Master Lease, and subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of entering into a successor agreement:

(1) Franchisee shall give Franchisor written notice of Franchisee's election to enter into a successor franchise agreement not more than twenty-four (24) months prior to the end of the initial term or first successor term, as applicable;

(2) Franchisee shall repair or replace, at Franchisee's cost and expense, equipment (including electronic cash register or computer hardware or software systems, inclusive of any software upgrades licensed to Franchisee pursuant to the software license agreement that may be required to be executed under Section VII.L.), signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant as Franchisor may reasonably require and shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Restaurant or to provide the Restaurant's services by alternative means, such as through carry-out, and shall otherwise modernize the Restaurant premises, equipment (including electronic cash register or computer hardware or software systems), signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant, as reasonably required by Franchisor to reflect the then-current standards and image of the System as contained in the Manuals (as defined in Section V.(4)) or otherwise provided in writing by Franchisor;

(3) Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

(4) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and shall have timely met those obligations throughout the terms thereof;

(5) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Restaurant premises or obtain Franchisor's approval of a new site for the operation of the Restaurant for the duration of the successor term of this Agreement;

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

(7) Franchisee and the Principals shall execute a general release of any and all claims against Franchisor and its affiliates, their respective partners, and the officers, directors, shareholders,

partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(8) Franchisee shall comply with Franchisor's then-current qualification and training requirements;

(9) Franchisor has the right, but not the obligation, to renew its lease in a time period acceptable with favorable and competitive terms. The time period is generally between years eight (8) and ten (10) of the Master Lease. Franchisee will be given sixty (60) days to review the new terms, and if Franchisee elects to renew its sublease, Franchisee must comply with the new Master Lease terms and pay the new rental fees in conjunction with the renewed sublease. If Franchisee elects not to renew its sublease, Franchisee may remain in the franchised location through the end of Franchisee's current sublease term, and Franchisor will pay the difference in the rental fees, if any. However, Franchisee must vacate the premises at the end of Franchisee's sublease term. **Notwithstanding anything to the contrary contained herein, if Franchisor elects not to renew its Master Lease, Franchisee shall be required to execute a lease directly with the landlord, as a condition to renew the Franchise Term.**

(10) The foregoing successor rights shall be at Franchisee's option if the premises are not subleased from the Franchisor, or its affiliate and Franchisee has a direct lease with its landlord.

ARTICLE IV
FEES

A. Franchisee shall pay to Franchisor an initial franchise fee of Thirty Thousand Dollars ($30,000), which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party.

B. During the term of this Agreement, Franchisee shall pay to Franchisor, in partial consideration for the rights herein granted, a continuing royalty fee of six percent (6%) or, if greater, the fee specified in Paragraph B.(1)(a) below. Such royalty fee shall be due and payable each week ("Accounting Period") based on the Gross Sales for the preceding week (the first such Accounting Period beginning on the Opening Date and ending on the Sunday that corresponds to the end of the then-current Accounting Period as determined in accordance with Franchisor's Manuals) so that it is received by Franchisor by electronic funds transfer or by check on or before the Wednesday following the end of each Accounting Period, provided that such day is a business day. A business day for the purpose of this Agreement means any day other than Saturday, Sunday or the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

(a) Commencing on January 1 of the first full calendar year of the Initial Term and throughout any successor term of the Agreement, if Franchisee's annual continuing royalty fee during any calendar year of the Agreement is less than______ Thousand Dollars ($__,000), then the difference between the total of the weekly continuing royalty fees paid by Franchisee at the end of the calendar year and _______ Thousand Dollars ($__,000) shall be payable, by Franchisee to Franchisor, with the continuing royalty fee for the last Accounting Period in December. This minimum royalty fee is subject to annual increases of three percent (3%) per year. Franchisor shall conduct an audit of payments in December of each year and send Franchisee an invoice detailing the amount of royalty fees paid, the minimum royalty fee owed, and the difference Franchisee must pay to Franchisor. The invoice is due and payable within fifteen (15) days of receipt.

(b) Each such royalty fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding Accounting Period ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, Franchisee shall provide Franchisor with such Gross Sales information on the Monday of each week following the Accounting Period (or next business day if the Monday is not a business day) by modem or, if not reasonably available, by facsimile transmission or such other method of delivery as Franchisor may reasonably direct.

(c) By executing this Agreement, Franchisee agrees that Franchisor shall have the right to withdraw funds from Franchisee's designated bank account each Accounting Period by electronic funds transfer ("EFT") in the amount of the royalty fee described above in the event the Royalty Fee is not paid when due. Provided such day is a business day (and if not a business day, on the next succeeding business day), such withdrawals shall be drawn on the Wednesday of each week for the amount of the royalty due with respect to Franchisee's Gross Sales for the preceding Accounting Period, as evidenced by the Royalty Report. If Franchisee fails to report the Restaurant's Gross Sales, Franchisor may debit Franchisee's account for one hundred twenty percent (120%) of the last royalty fee that it debited. If the royalty fee debited from Franchisee's account is less than the royalty fee Franchisee actually owes to Franchisor (once Franchisor has determined the Restaurant's true and correct Gross Sales), Franchisor will debit Franchisee's account for the balance of the royalty fee due on the day Franchisor specifies. If the royalty fee debited from Franchisee's account is greater than the royalty fee owed, Franchisor will credit the excess against the amount Franchisor otherwise would debit from Franchisee's account during the following week. Franchisee shall, upon execution of this Agreement or at any time thereafter at Franchisor's request, execute such documents or forms as Franchisor determines are necessary for Franchisor to process EFTS from Franchisee's designated bank account for the payments due hereunder. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment plus a service charge applied by Franchisor and the bank, if any. Franchisee further agrees that it shall at all times throughout the term of this Agreement maintain a minimum balance of One Thousand Dollars ($1,000) in the Franchisee's bank account against which such EFTS are to be drawn for the Restaurant operated under this Agreement. If royalty payments are not received when due, interest may be charged by Franchisor in accordance with Section IV.B.(4) below. Upon written notice to Franchisee, Franchisee may be required to pay such royalty fees directly to Franchisor in lieu of EFT, at Franchisor's sole discretion.

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

(e) If the payments or reports required by Section IV.B.(2) are not received by Franchisor as required by this Section, Franchisee shall pay to Franchisor, in addition to the overdue amount, a fee of Fifty ($50) Dollars per day for each day that the royalty is unpaid, or the report is not received. This fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay royalties and/or submit reports in accordance with the terms of this Agreement. If for any reason the fee of Fifty Dollars ($50) is deemed to be interest charged, required or permitted, in excess of the maximum rate allowed by applicable law, any such excess shall be applied as a payment and reduction of any other amounts 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 that paid such amount.

C. For the purposes of determining the royalties to be paid hereunder, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales shall expressly exclude the following:

(1) Receipts from the operation of any products from vending machines located at the Restaurant, except for any amount representing Franchisee's share of such revenues;

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

(3) Returns to shippers or manufacturers; and

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

Franchisor may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by the Franchisor in its discretion. In addition to the foregoing, the following are included within the definition of "Gross Sales" described, except as noted below:

(1) The full value of meals furnished to Franchisee's employees as an incident to their employment, except that the value of any discounts extended to such employees may be credited against Gross Sales during the Accounting Period in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the royalty fee is due; and

(2) All proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gift certificates or vouchers are redeemed the retail price thereof may be credited against Gross Sales during the Accounting Period in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the royalty fee is due. Franchisee shall be required to honor all coupons and gift certificates at its Restaurant.

D. Franchisee shall pay such other fees or amounts described in this Agreement.

ARTICLE V
FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the services described below with regard to the Restaurant:

(1) Franchisor's written site selection guidelines and such site selection assistance as Franchisor may deem advisable.

(2) Such on-site evaluation as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation; provided, however, that Franchisor shall not provide an on-site evaluation for any proposed site prior to the receipt of all required information and materials concerning such site prepared pursuant to Section II. B. Franchisor shall offer an optional site Build-Out Program for Franchisee. This Program will include consulting on the store layout, actual blueprint design, and submittal/bid requirements to all applicable governmental agencies and potential contractors. Actual costs to architectural stamping fees, mechanical engineer fees, imported tile, blueprint costs, bid costs, and other costs are charged as reimbursables expenses in excess of the base fee. The cost for the base Build-Out Program shall be Twenty-Five Thousand ($25,000) Dollars, payable at the time Franchisee executes his sublease with the Franchisor or one of its affiliates. Reimbursables will be billed as they accrue and must be paid upon receipt net zero.

(3) On loan, a set of prototypical architectural and design plans and specifications for a Restaurant. Franchisee shall independently, and at Franchisee's expense, have such architectural and design plans and specifications adapted for construction of the Restaurant in accordance with Section II. This service will be included in the Build-Out Program if Franchisee chooses to purchase same.

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

(5) Visits to the Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor, as more fully described in Section VII.E.(6).

(6) Certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Restaurant at a reasonable cost to Franchisee. Franchisor shall have the right to review and approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section VIII.

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

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

(9) A list of approved suppliers as described in Section VII.D. from time to time as Franchisor deems appropriate.

(10) An initial training program for Franchisee's Operating Principal, General Manager and other Restaurant personnel and other training programs in accordance with the provisions of Section VI.E.(1), (2) and (4).

(11) On-site pre-opening and post-opening assistance at the Restaurant in accordance with the provisions of Section VI.E.(3).

(12) Establishment and administration of an advertising fund and/or advertising cooperatives and placement of a Yellow Pages trademark and other business listings at Franchisor's discretion in accordance with Section VIII.

(13) Franchisor may coordinate the holding of an annual convention to which each of its franchisees in good standing will be invited. Attendance at the convention will be mandatory. Each franchisee attending will be required to pay a registration fee to compensate Franchisor for the costs incurred in connection with coordinating and holding the convention. Franchisee shall be responsible for all expenses of its personnel attending the convention, including travel, meals and lodging.

(14) On loan (through Franchisor's designee), and when it becomes available, one (1) copy of certain customized software database configurations which will be licensed to Franchisee by Franchisor, or its designee, pursuant to Section VII.L. Franchisor shall also make available to Franchisee any upgrades, enhancements or replacements to the software that are developed from time to time. Franchisor (or its designee) reserves the right to charge a reasonable fee for the upgrades and enhancements.

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

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

B. If Franchisee is a corporation or partnership, Franchisee represents warrants and covenants that:

(1) Franchisee is duly organized and validly exists under the state law of its formation;

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

(3) Franchisee's corporate charter or written partnership agreement shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by Franchisor;

(4) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement, and have been duly authorized by Franchisee;

(5) If Franchisee is a corporation, copies of Franchisee's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall be furnished to Franchisor prior to the execution of this Agreement; or, if Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments thereto shall be furnished to Franchisor prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by Franchisee's written partnership agreement. Franchisee may not change the entity name of Franchisee without written consent and authorization of Franchisor;

(6) If Franchisee is a corporation, partnership or other form of legal entity other than an individual, the ownership interests in Franchisee are accurately and completely described in Attachment 3. Further, if Franchisee is a corporation, Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee or, if

Franchisee is a partnership or other form of legal entity, Franchisee shall maintain at all times a current list of all owners of an interest in the partnership or entity. Franchisee shall immediately provide a copy of the updated list of all owners to Franchisor upon the occurrence of any change of ownership and otherwise make its list of owners available to Franchisor upon request;

(7) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation (as defined in Section XX.T). If Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to all restrictions imposed upon assignments by this Agreement;

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

(9) Franchisee acknowledges and agrees that the representations, warranties and covenants set forth above in Section VI.B.(1)-(8) are continuing obligations of Franchisee and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

C. Upon the execution of this Agreement, Franchisee shall designate and retain an individual to serve as the Operating Principal of the Restaurant (the "Operating Principal"). If Franchisee is an individual, Franchisee shall perform all obligations of the Operating Principal. The Operating Principal shall, during the entire period he serves as such, meet the following qualifications:

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

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

(3) Franchisee and the Operating Principal (or his designee, if applicable) shall devote their full time and best efforts to the supervision and conduct of the Franchised Business.

Operating Principal shall execute this Agreement as one of the principals and shall be individually, jointly and severally bound by all obligations of Franchisee, the Operating Principal and the Principals hereunder.

(4) The Operating Principal (and any such designee) shall meet Franchisor's standards and criteria for such individual as set forth in the Manuals, as defined herein, or otherwise in writing by Franchisor.

(5) If, during the term of this Agreement, the Operating Principal or any designee is not able to continue to serve in the capacity of Operating Principal or no longer qualifies to act as such in accordance with this Section, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the Operating Principal or such designee ceases to serve or be so qualified, such replacement being subject to the same qualifications and restrictions listed above. Franchisee shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Any failure to comply with the requirements of this Section VI.C. shall be deemed a material event of default under this Agreement.

D. Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Restaurant. Franchisee shall designate its General Manager concurrently with the execution of this Agreement. The General Manager shall be responsible for the daily operation of the Restaurant. The General Manager may be one of the principals. The General Manager shall, during the entire period he serves as General Manager, meet the following qualifications:

(1) The General Manager shall satisfy Franchisor's restaurant business experience criteria as set forth in the Manuals, as defined herein, or otherwise in writing by Franchisor;

(2) The General Manager shall devote full time and best efforts to the supervision and management of the Restaurant;

(3) The General Manager shall be an individual reasonably acceptable to Franchisor; and

(4) The General Manager shall satisfy the training requirements set forth in Section VI.F. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by Franchisor). Franchisee shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section VI.D. shall be deemed a material event of default under Section XVII.A.(3)(p) hereof. If Franchisee fails to have a replacement General Manager satisfactorily complete Franchisor's training or certified as meeting such requirements, in lieu of termination, Franchisor may charge Franchisee an additional support fee until such General Manger is properly trained or certified in accordance with Franchisor's requirements. Such support fee shall be in the amount of Fifty Dollars ($50) per week and shall be withdrawn from Franchisee's designated bank account in accordance with Section IV.B.(3) at the same time Franchisor withdraws the royalty fee due.

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

(1) No later than thirty (30) days prior to the date the Restaurant commences operations, Franchisee's Operating Principal and General Manager shall attend and complete, to Franchisor's satisfaction, Franchisor's initial training program. Training of such persons shall be conducted by Franchisor or its designee at a Franchisor-operated Restaurant or such other location designated by Franchisor, if the Restaurant is the first Restaurant developed by Franchisee. Franchisor shall provide instructors and training materials for the initial training of the Operating Principal and General Manager at no additional charge to Franchisee, provided that Franchisor shall have the right to charge a reasonable fee for such training of any additional managers or Restaurant personnel. Notwithstanding the above, upon the request of Franchisor and at all times subject to the approval of Franchisor, Franchisee shall, at its expense, conduct the initial training program and other training programs prescribed by Franchisor for any initial General Manager or other Restaurant personnel for any Restaurant subsequently developed by Franchisee and for any replacement or successor Operating Principal, General Manager and any other Restaurant personnel of Franchisee at any of Franchisee's Restaurants. In such cases, Franchisee may be required to have any person trained by Franchisee receive Franchisor's training certification. Franchisee shall pay Franchisor's then-current certification fee in connection with obtaining training certification for any Restaurant personnel and any expenses Franchisor incurs in connection with providing such certification.

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

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

(3) In connection with the opening of the Restaurant, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site pre-opening and opening training, supervision, and assistance to Franchisee for a period of time ranging from two (2) to three (3) days. With respect to the opening assistance described above and any such assistance provided to a replacement Restaurant established by Franchisee pursuant to Sections I.B and C hereof or any development agreement between Franchisor and Franchisee, Franchisee shall pay to Franchisor the per diem fee then being charged to franchisees generally for opening assistance, including payment of any expenses incurred by such trainer(s), such as costs of travel, lodging, meals and wages; provided, that if the Restaurant is the first Restaurant developed by Franchisee, Franchisee shall not be required to pay such per diem fee. The per diem fee shall be payable by Franchisee for any such assistance provided to a replacement Restaurant pursuant to Section I.B hereof.

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

F. Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

G. Franchisee shall comply with all other requirements and perform such other obligations as provided hereunder.

H. If any Principal is a married individual and the principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 9.

ARTICLE VII
FRANCHISE OPERATIONS

A. Franchisee understands the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Restaurant.

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

C. To assure the continued success of the Restaurant, Franchisee shall, upon the request of Franchisor, make other improvements to modernize the Restaurant premises, equipment (including electronic cash register or computer hardware and software systems), signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to Franchisor's then-current standards and specifications. Notwithstanding the above, Franchisee agrees that it will make such capital improvements or modifications described in this Section VII.C. if so requested by Franchisor on or before the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of the Restaurants then operated by Franchisor or its affiliates have made or are utilizing best efforts to make such improvements or modifications.

D. Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including electronic cash register and computer hardware and software systems) and other products used or offered for sale at the Restaurant. Except as provided in Sections VII.F., VII.G. and VII.L. with respect to certain materials bearing the Marks, proprietary products and software configurations licensed by Franchisor, Franchisee shall obtain such items from Franchisor, its affiliates or from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet Franchisor's then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and who have not thereafter been disapproved by Franchisor. If Franchisee desires to purchase, lease or use any products or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such a supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge, not to exceed the reasonable cost of the inspection and the actual cost of the test, shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. In the event that any volume discounts, rebates, allowances, or other similar discounts are received by the Franchisor from any manufacturer or other supplier designated by the Franchisor on account of purchases made by the Franchisor for its account or for the account of the Franchisee, or by the Franchisee directly for his/her own account, the Franchisor shall have the option of remitting same to the Fund or retain the full amount of the said volume discounts, rebates, allowances, or other similar discounts for its own account.

E. To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Restaurant in strict conformity with such methods, standards and specifications of Franchisor set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, Franchisee also agrees:

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

(2) To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor; and to purchase same from suppliers designated by the Franchisor, to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products or services which Franchisor may, in its sole discretion, disapprove in writing at any time. Franchisee agrees to submit all sales receipts and invoices for all Coca Cola products and Tyson Orange Chicken purchases to Franchisor on a monthly basis on or before the fifteenth (15^{th}) of the month for the prior month.

(3) To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to Franchisor's standards and specifications; to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but

not limited to, the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming items or differing amounts of any items without Franchisor's prior written consent.

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

(5) To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including electronic cash register and computer hardware and software systems), decor items, signs, and related items as Franchisor may reasonably direct from time to time in the Manuals or otherwise in writing, and to refrain from installing or permitting to be installed on or about the Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications. If any of the property described above is leased by Franchisee from a third party, such lease shall be approved by Franchisor, in writing, prior to execution. Franchisor's approval shall be conditioned upon such lease containing a provision which permits any interest of Franchisee in the lease to be assigned to Franchisor upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon Franchisor in connection with such assignment.

(6) To grant Franchisor and its agents the right to enter upon the Restaurant premises at any time for the purpose of conducting inspections; to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand.

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

(8) To install and maintain equipment and a telecommunication line in accordance with Franchisor's specifications to permit Franchisor to access and retrieve by telecommunication any information stored on electronic cash registers (or other computer hardware and software) Franchisee is required to utilize at the Restaurant premises as specified in the Manuals, thereby permitting Franchisor to inspect and monitor electronically information concerning Franchisee's Restaurant, Gross Sales and such other information as may be contained or stored in such equipment and software. Franchisee shall obtain and maintain Internet access or other means of electronic communication, as specified by Franchisor from time to time, including daily polling of Franchisee's Gross Sales volume. It shall be a material default under this Agreement if Franchisee fails to maintain such equipment, lines and communication methods in operation and accessible to Franchisor at all times throughout the term of this Agreement. Franchisor shall have access as provided herein at such times and in such manner as Franchisor shall from time to time specify.

F. Franchisee acknowledges and agrees that Franchisor has and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes, and which are trade secrets of Franchisor and other proprietary products bearing the Franchisor's Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of such products. Accordingly, Franchisee agrees that if such products become a part of the System, Franchisee shall use only Franchisor's secret recipe and proprietary products and shall purchase solely from Franchisor or from a source designated by Franchisor all of Franchisee's requirements for such products. Franchisee further agrees to purchase from Franchisor for resale to Franchisee's customers certain merchandise identifying the System as Franchisor shall require, such as promotional products, in amounts sufficient to satisfy Franchisee's customer demand.

G. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor.

H. Franchisee shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify Franchisor by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) safety or health violations, (iii) claims exceeding One Hundred Dollars ($100), and (iv) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain for Franchisor's inspection any inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

I. Upon the execution of this Agreement or at any time thereafter, Franchisee shall, at the option of Franchisor, execute such forms and documents as Franchisor deems necessary, including the agreements attached hereto as Attachment 11, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to Franchisor upon the termination or expiration of this Agreement, as required under Section XVIII.O.: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, social media accounts, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business. Franchisee agrees that it has no authority to and shall not establish any website or listing on the Internet or World Wide Web without the express written consent of Franchisor. At Franchisee's sole cost and expense, Franchisee shall list the Franchised Business on social media sites. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube, TikTok or any other social media and/or networking site without Franchisor's prior written approval and use of any social media accounts shall be in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

J. Franchisee shall, at Franchisor's option, enter into a Software License Agreement with Franchisor in the form attached as Attachment 5 for the license of certain proprietary software configurations that Franchisor (or its designee) will provide for the operation of the Restaurant.

K. At Franchisor's option, Franchisee shall enter into the form of Sublease Agreement that is attached hereto as Attachment 6, if and when Franchisee subleases the Restaurant from the Franchisor or from an affiliate of the Franchisor.

L. Franchisee shall sell or otherwise issue gift cards or certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Operating Manual or otherwise in writing.

Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Restaurant. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Operating Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to Franchisor, other operators of Restaurants, or a third-party service provider for Gift Cards issued from the Restaurant that are honored by Franchisor or other Restaurant operators.

M. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

ARTICLE VIII
ADVERTISING AND RELATED FEES

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

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

B. In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of Franchisee's expenditures for local advertising to the Cooperative, as described in Section VIII.D., or Fund, as described in Section VIII.C., Franchisee shall spend, annually throughout the term of this Agreement, not less than one percent (1%) of the Gross Sales of the Restaurant on advertising for the Restaurant in its Area of Primary Responsibility ("Local Advertising"). This may be in the form of in-store promotions or give-a-ways, or the marketing contributions required pursuant to Franchisee's sublease. Franchisee shall submit to Franchisor annually an advertising expenditure report accurately reflecting such expenditures for the preceding period on or before the first (1st) day of February following the end of each calendar year, provided that such day is a business day. If that day is not a business day, then such report shall be due on the next business day. In addition to the restrictions set forth below, costs and expenditures incurred by Franchisee in connection with any of the following shall not be included in Franchisee's expenditure on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing:

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

(2) Research expenditures;

(3) Food costs incurred in any promotion;

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

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

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

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

C. Franchisor reserves the right to establish and administer an advertising fund for the purpose of advertising the System on a regional or national basis (the "Fund"). Franchisee agrees to contribute one percent (1%) of the Gross Sales of the Restaurant for each week to the Fund, such fee to be paid to the Franchisor by EFT on or before the Wednesday following each Accounting Period, provided that such day is a business day. If that date is not a business day, then payment shall be due on the next business day. During the term of this Agreement, Franchisor may, in its sole discretion, review and modify the amount of the continuing advertising fee up to three percent (3%) of the Gross Sales of the Restaurant for each week and may require Franchisee to allocate to the Fund all or any portion of Franchisee's required contributions to a Cooperative, as described in Section VIII.D., or expenditures for Local Advertising, as described in Section VIII.B. Franchisors shall not, however, increase the amount of the Fund contribution more than one percent (1%) per year, until the maximum of three percent (3%). In reviewing and modifying the advertising fee, Franchisor shall consider the level of advertising expenditures by Restaurants operated by Franchisor or its affiliates and by competitors of the System, media costs, available marketing resources, population changes, changes in market conditions, the degree of market penetration of the System, and such other factors as Franchisor deems relevant to the operation of the Fund. Franchisee shall be provided with thirty (30) days' prior written notice of any such change in the advertising fee. Each such Fund contribution shall be accompanied by an advertising report itemizing the Gross Sales for the preceding Accounting Period. Notwithstanding the foregoing, Franchisee shall provide Franchisor with such information on the Monday of each week following the Accounting Period (or next business day if the Monday is not a business day) by modem or, if not reasonably available, by facsimile transmission, or such other method specified by Franchisor.

Franchisee agrees that the Fund shall be maintained and administered by Franchisor, or its designee as follows:

(1) Franchisor shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. Franchisor shall, with respect to Restaurants operated by Franchisor or any affiliate, contribute to the Fund generally on the same basis as Franchisee. In administering the Fund, Franchisor and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or <u>pro</u> <u>rata</u> from the placement of advertising.

(2) Franchisee agrees that the Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies to assist therein; and costs of Franchisor's personnel and other departmental costs for advertising that is internally administered or prepared by Franchisor). All sums paid by Franchisee to the Fund shall be maintained in a separate account by Franchisor and may be used to defray any of Franchisor's general operating

expenses, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees and the System. The Fund and its earnings shall not otherwise inure to the benefit of Franchisor. The Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above.

(3) A statement of the operations of the Fund shall be prepared annually by Franchisor and shall be made available to Franchisee upon request.

(4) Although the Fund is intended to be of perpetual duration, Franchisor may terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by Franchisor or any affiliate, without interest, on the basis of their respective contributions.

D. Franchisee agrees that Franchisor shall have the right, but not the duty, in its sole discretion, to designate any geographic area in which two (2) or more Restaurants are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). The members of the Cooperative for any area shall, at a minimum, consist of all Restaurants. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by the Franchisor in its sole discretion. Each Cooperative shall be organized for the exclusive purposes of administering advertising programs and developing, subject to Franchisor's approval pursuant to Section VIII.H., promotional materials for use by the members in Local Advertising. If at the time of the execution of this Agreement a Cooperative has been established for a geographic area that encompasses the Restaurant, or if any such Cooperative is established during the term of this Agreement, Franchisee shall execute such documents as are required by Franchisor immediately upon the request of Franchisor and shall become a member of the Cooperative pursuant to the terms of those documents. Franchisee shall participate in the Cooperative as follows:

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

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

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

E. Regardless of whether Franchisor establishes a Fund under Section VIII.C. applicable to the Restaurant, or a Cooperative is established under Section VIII.D. applicable to the Restaurant, the total required advertising contributions or payments by Franchisee under this Section VIII (i) to such a Fund, (ii) to such a Cooperative, and (iii) for Local Advertising shall not exceed three percent (3%) of Franchisee's Gross Sales.

F. Franchisee shall also pay its pro rata share of the cost of a Yellow Pages trademark or other business listings to be placed by Franchisor on behalf of all Restaurants in the Franchisee's

Restaurant's local market area. If Franchisee operates the only Restaurant under the System in the local market area, Franchisee shall be responsible for full payment of any Yellow Pages trademark advertising or other business listing, unless Franchisor determines, in its sole discretion, that placement of a Yellow Pages trademark listing or other business listings for such local market area is not economically justified. Any amount paid by Franchisee for such Yellow Pages trademark or other business listings may not be applied by Franchisee toward satisfaction of its Local Advertising requirement.

G. All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof. Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Franchisee shall not advertise or use the Franchisor's Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without the express written consent of Franchisor.

H. With respect to the offer and sale of all menu and beverage items, Franchisor may from time to time offer guidance with respect to the selling price for such goods, products and services. Except with respect to maximum prices set forth below, Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee shall have the right to sell its products and provide services at any price that Franchisee may determine, except that Franchisor reserves the right to establish maximum prices for any given product or service nationwide or within an advertising market (as determined by Franchisor). Franchisee shall not exceed any maximum price established by Franchisor, but at all times remains free to charge any price below the maximum established by Franchisor. Franchisee shall execute any instruments or other writings required by Franchisor to facilitate the provision of such products and services. If Franchisee elects to sell any or all its products or merchandise at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such products or merchandise at the recommended price will enhance Franchisee's sales or profits.

ARTICLE IX
MARKS

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

B. Franchisee expressly understands and acknowledges that:

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its accepted location or in approved advertising related to the Restaurant.

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

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

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

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

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

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

(2) During the term of this Agreement and any successor term hereof, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant as Franchisor may designate in writing.

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

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

D. Franchisee shall notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, or any claim by any person of any rights in any Mark, and Franchisee and the Principals shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee and the Principals with respect to such proceedings and use of the Marks is in full compliance with the terms of this Agreement.

E. The right and license of the Marks granted hereunder to Franchisee is non-exclusive and Franchisor and its affiliates thus have and retain the following rights, among others, subject only to the limitations of Section I:

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

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

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

F. **Website**. The Franchisee shall not maintain a Worldwide Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Facility without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason. Franchisee agrees to submit to Franchisor for approval before use, true and correct printouts of all Website pages Franchisee proposes to use in his/her website in connection with the Facility. Franchisee understands and agrees that Franchisor's right of approval of all such Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with Franchisor's Proprietary Marks. Franchisee may only use material which Franchisor has approved. Franchisee's Website shall conform to all of Franchisor's Website requirements, whether set forth in the Confidential Operations Manual or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires. If Franchisor grants approval for a Website, Franchisee may not use any of the Proprietary Marks at the site except as Franchisor expressly permits. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on his/her Website without Franchisor's prior written consent. If Franchisee wishes to modify the approved site, all proposed modifications must also receive Franchisor's prior written approval. Franchisee explicitly understands that he/she may not post on his/her Website any material which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third party may claim intellectual property ownership interests in). Franchisee agrees to list on his/her Website any Website maintained by Franchisor, and any other information Franchisor requires in the manner Franchisor dictates. Franchisee agrees to obtain Franchisor's prior written approval for any internet domain name and/or home page address. The requirement for Franchisor's prior written approval set forth in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one or more E-mail addresses and may conduct individual E-mail communication without Franchisor's prior approval as provided above if he/she proposes to send advertising to multiple addresses via E-mail.

ARTICLE X
CONFIDENTIALITY AND NON-COMPETITION COVENANTS

A. (1) To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

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

(3) The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall at all times be kept in a secure place on the Restaurant premises, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

(4) The Manuals, any written directives, and any other manuals and materials issued by Franchisor and any modifications to such materials shall supplement this Agreement and shall be deemed to be a part of this Agreement.

(5) Franchisor may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee shall remove and return to Franchisor all pages of the Manual that have been replaced or updated by Franchisor. Franchisee expressly agrees to comply with each new or changed standard.

(6) Franchisee shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control.

(7) Franchisor will charge a replacement fee of Five Hundred Dollars ($500) for any replacement Manual requested by Franchisee.

B. (1) Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprized in connection with the operation of the Restaurant under the terms of this Agreement. Franchisee and the Principals shall divulge such confidential information only to such of Franchisee's employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor any Principal shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each of the principals.

(2) Franchisee shall require and obtain the execution of covenants similar to those set forth in Section X.B. (1) from its General Manager and all other personnel of Franchisee who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4.

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

C. (1) Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System, which are beyond the present skills and experience of Franchisee and the Principals and Franchisee's managers and employees. Franchisee and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, Franchisee and the Principals covenant that with respect to Franchisee, during the term of this Agreement, except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

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

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant, including a restaurant which offers and sells oriental food items, excluding ownership in any of Franchisor's other food concepts.

(2) For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Franchisee's or any Principal's interest in this Agreement and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

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

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any business that is of a character and concept similar to the Restaurant, including a restaurant which offers and sells Asian cuisine of any type(except for ownership in any of Franchisor's other food concepts), which business is, or is intended to be, located within the Assigned Area or within a fifty (50)-mile radius of the location of any Food Systems Restaurant or food service facility in existence or under construction at any given time during such period.

(3) The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the 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.

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

(b) Franchisee and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

(c) Section X.C.(1)(b) and (2)(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

(4) Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section X.C. (including covenants applicable upon the termination of a person's employment with Franchisee) from its General Manager and all other personnel of Franchisee who have received or will have access to training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section X.C(4).

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

ARTICLE XI
BOOKS AND RECORDS

A. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing. Franchisee acknowledges and agrees that the financial data of your Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, and (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.

B. In addition to the remittance reports required by Sections IV and VIII 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, profit and loss statement for each of the thirteen (13) four (4) week accounting periods designated by Franchisor (the "Statement Period") (which may be unaudited) for Franchisee within fifteen (15) days after the end of each Statement Period during the term hereof. Each such statement shall be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

(2) Franchisee shall, at its expense, provide to Franchisor a complete annual financial statement (which may be unaudited) for Franchisee, prepared by an independent certified public accountant satisfactory to Franchisor, within ninety (90) days after the end of each fiscal year of Franchisee during the term hereof, showing the results of operations of Franchisee during such fiscal year. An officer of the Franchisee must certify that the financial statements provided to Franchisor are true and correct; Franchisor reserves the right to require the financial statements described above to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee's cost and expense if an inspection discloses an understatement of more than two percent (2%) in any report, pursuant to Section XI.C.; and

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

C. Franchisor or its designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of the books and records of Franchisee as Franchisor may require, in its sole and absolute discretion, at the Restaurant. Franchisee shall make such books and records available to Franchisor or its designees immediately upon request. If any required royalty payments to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section IV.B.(4). If an inspection discloses an understatement in any report of more than two percent (2%), Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

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

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

F. Franchisee hereby appoints Franchisor, its true and lawful attorney-in-fact with full power and authority for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state and/or federal taxing authority. This power of attorney shall survive the expiration or termination of this Agreement.

ARTICLE XII
INSURANCE

A. (1) Franchisee shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor and its affiliates, successors and assigns, their respective partners and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

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

(a) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, liquor liability, products liability and fire damage coverage, in the amount of Two Million Dollars ($2,000,000) combined single limit. Franchisee is required to carry umbrella coverage in excess of Two Million Dollars ($2,000,000) per franchised location.

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

(c) Crime insurance for employee dishonesty in the amount of Ten Thousand Dollars ($10,000) combined single limit.

(d) Business Interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for a period of at least ninety (90) days.

(e) Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, a legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to Franchisor, provided that Franchisee (i) maintains an excess indemnity or "umbrella" policy covering employer's liability and/or a medical/disability policy covering medical expenses for on-the-job accidents, which policy or policies shall contain such coverage amounts as Franchisee and Franchisor shall mutually agree upon and (ii) conducts and maintains a risk management and safety program for its employees as the Franchisee and Franchisor shall mutually agree is appropriate. Such policies shall also include a waiver of subrogation in favor of Franchisor and its affiliates their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

(f) Such other insurance as may be required by the state or locality in which the Restaurant is located and operated or pursuant to Franchisee's sublease.

(g) Franchisee may, with the prior written consent of Franchisor, elect to have reasonable deductibles in connection with the coverage required under Sections XII.A(2)(a)-(f) hereof. Such policies shall also include a waiver of subrogation in favor of Franchisor, its affiliates and partners and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

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

(4) Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance 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 XV of this Agreement.

(5) All public liability and property damage policies shall contain a provision that Franchisor and its affiliates their respective partners, and the officers, directors, shareholders, partners, 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 Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

(6) Upon execution of this Agreement, and thereafter in accordance with Section IV hereof and thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name Franchisor and its affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

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

ARTICLE XIII
DEBTS AND TAXES

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

B. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes. The term "Taxes" means any present or future taxes (including, but not limited to sales tax), levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

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

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

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

ARTICLE XIV
TRANSFER OF INTEREST

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

B. (1) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Principals. Accordingly, neither Franchisee nor any Principal shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Restaurant or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement. Franchisor's acceptance of monthly Royalty Fees for a Franchised Location submitted by someone other than the Franchisee who signed this Agreement shall deem that Franchisor has accepted said someone as a transferee.

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

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

(b) Franchisee and its affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

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

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

(e) 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 contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such successor terms as may be provided by this Agreement, the standard form of franchise agreement then being offered to new System franchisees and other ancillary agreements as

Franchisor may require for the Restaurant, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, advertising contribution or expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements within the time period reasonably specified by Franchisor;

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

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

(j) Franchisee shall pay a transfer fee equal to Twenty-Five percent (25%) of the then current initial franchise fee to Franchisor to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application for transfer, including, without limitation, legal and accounting fees; and

(k) If the transferee is a corporation or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth in Section VI as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of such Section have been satisfied and are true and correct on the date of transfer.

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

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

C. In the event Franchisee desires to operate the Franchised Business through a corporation formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements set forth at Section XIV.B(2), except that the requirements set forth at Sections XIV.B(2)(c), (d), (f), (g), (i), (j) and (k) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, Franchisee shall be the owner of all of the voting stock or interest of the corporation and if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Franchisee prior to the transfer. Franchisee must provide written documentation from the state of incorporation that Franchisee is still the owner of the Franchised Business.

Additionally, the following conditions shall apply: (i) ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement; (ii) the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us; (iii) the newly formed corporation or limited liability company shall conduct no business other than the Franchised Business; and (iv) copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to addition of your corporation or limited liability company as a "franchisee" under this Agreement.

D. (1) If Franchisee wishes to transfer all or part of its interest in the Restaurant or this Agreement or if Franchisee wishes to transfer a majority ownership interest in Franchisee pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by Franchisor describing such offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within the later of sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor, sixty (60) days from the date Franchisor receives or obtains all necessary documentation, permits and approvals, or such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section XIV.D shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XIV, with respect to a proposed transfer.

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

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

E. (1) The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Principals, the executor, administrator, conservator or other personal representative of Franchisee or of the deceased Principal, as the case may be, shall be required to transfer Franchisee or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the franchise granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of the Restaurant during the six (6) month period from its onset.

(2) Upon the death or claim of permanent disability of you or any Principal, Franchisee or a representative of Franchisee must notify Franchisor of such death or claim of permanent

disability within ten (10) days of its occurrence. Any transfer under this Section XIV(E) shall be subject to the same terms and conditions as described in this Article XIV for any *inter vivos* transfer.

(3) Immediately after the death or permanent disability of such person, or while the Restaurant is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Restaurant shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in our sole discretion, may provide interim management at a fee equal to ten percent (10%) of the Gross Sales generated by the Restaurant during Franchisor's operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Restaurant to the deceased or disabled individual's lawful heirs or successors. If Franchisor provides interim management pursuant to this Section XIV(E), Franchisee agrees to indemnify and hold Franchisor and any of Franchisor's representatives harmless from any and all acts which Franchisor may perform.

F. Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

G. Securities or partnership interests in Franchisee may be offered to the public (a "public offering") only with the prior written consent of Franchisor, which consent may be withheld in its sole discretion. As a condition of its approval to such offering, Franchisor may, in its sole discretion, require that immediately after such offering that Franchisee and the Principals retain a Controlling Interest in Franchisee. For the purpose of this Agreement, "Controlling Interest" shall mean: (a) if Franchisee is a corporation, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Franchisee's issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if Franchisee is a partnership, that the Principals (i) own at least a fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least a fifty-one percent (51%) ownership interest in the partnership (and at least a fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

H. All materials required for a public offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials (including any private placement memoranda) to be used in any exempt offering or private placement shall be submitted to Franchisor for such review prior to their use. No Franchisee offering (public or private) shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor and its affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Principals and the other participants in the offering must fully indemnify Franchisor, and its affiliates, their respective partners and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed public or private offering, Franchisee shall pay to Franchisor a non-refundable fee of Five Thousand Dollars ($5,000) to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by Section XIV.G.

I. If Franchisee or any Principal desires to transfer their interest, whether to another Principal or to a new Principal, then Franchisee shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to such transfer. Such transferee may not be a competitor of Franchisor. Such transferee will be Franchisee's Principal and as such agrees to be individually bound by the obligations in this Agreement. Franchisee shall complete and submit to Franchisor an updated Attachment 3 as necessary.

J. If Franchisee wishes to change the name of the Franchisee entity during the term of the Agreement, Franchisee shall notify Franchisor in writing. Franchisee must provide written documentation from the state of incorporation that clearly shows Franchisee is still the owner of the Franchised Business.

ARTICLE XV
INDEMNIFICATION

A. Franchisee and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnities"), from all "losses and expenses" (as defined in Section XV.D(2) below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Section X);

(2) The violation, breach or asserted violation or breach by Franchisee or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

(3) Libel, slander or any other form of defamation of Franchisor, the System or any developer or franchisee operating under the System by Franchisee or by any of the Principals;

(4) The violation or breach by Franchisee or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, or their respective partners, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them; and

(5) Acts, errors, or omissions of Franchisee, any of Franchisee's affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its affiliates in connection with the establishment and operation of the Restaurant.

B. Franchisee and each of the Principals agree to give Franchisor prompt notice of any such action, suit, proceedings, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each of the Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake), or associate counsel of its own choosing with respect to the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by the

Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of the Principals to indemnify the Indemnities and to hold them harmless.

C. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(1) any of the acts or circumstances enumerated in Section XV.A(1)-(4) above have occurred; or

(2) any act, error, or omission as described in Section XV.A(5) may result directly or indirectly in damage, injury, or harm to any person or any property.

D. (1) All losses and expenses incurred under this Section XV shall be chargeable to and paid by Franchisee or any of the Principals pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

(2) As used in this Section XV, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

E. The Indemnities do not assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of the Principals, Franchisee's affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee or its affiliates may contract, regardless of the purpose. Franchisee and each of the Principals shall hold harmless and indemnify the Indemnities for all losses and expenses which may arise out of any acts, errors or omissions of Franchisee, the Principals, Franchisee's affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of Franchisor or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

F. Under no circumstances shall the Indemnities be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of the Principals. Franchisee and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any of the Principals by the Indemnities.

G. Franchisee and the Principals expressly agree that the terms of this Section XV shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE XVI
RELATIONSHIP OF THE PARTIES

A. Independent Licensee

Franchisee understands and agrees that Franchisee is and will be Franchisor's independent licensee under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of Franchisee's employees will be considered to be Franchisor's employees. Neither Franchisee nor any of Franchisee's employees whose compensation Franchisee pay may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee 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. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions for Franchisee's Restaurant does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee.

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 Restaurant 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 Restaurant, 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 Restaurant.

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 Restaurant. 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 relates to Franchisee's operation of the Restaurant.

B. 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 are any such employee employed, jointly employed or co-employed by Franchisor. Franchisee 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/ /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 staffing requirements established by Franchisor are solely for the purpose of ensuring that Franchisee's Restaurant is at all times staffed at those levels necessary to operate Franchisee's Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee affirms, warrants and understands that Franchisee may staff Franchisee's Restaurant with as many employees as Franchisee desires at any time so long as Franchisor's minimal staffing levels are achieved. 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 it to efficiently operate Franchisee's Restaurant, 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 a Food Systems brand Restaurant 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 agree 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 itself 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, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee's appearing at any such venue.

C. Franchisee Not Authorized

Franchisee understands and agrees that 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 that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Principals or any claim or judgment arising therefrom.

ARTICLE XVII
TERMINATION

A. (1) Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee, that non-performance 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.

(2) Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Restaurant premises or equipment is instituted against Franchisee and not dismissed within thirty (30)

days; or if the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.

(3) Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:

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

(b) If Franchisee fails to acquire an accepted location for the Restaurant within the time and in the manner specified in Section II;

(c) If Franchisee fails to construct or remodel the Restaurant in accordance with the plans and specifications provided to Franchisee under Section V(3) as such plans may be adapted with Franchisor's approval in accordance with Section II.E.;

(d) If Franchisee fails to open the Restaurant for business as a Restaurant within the period specified in Section II.H. hereof.

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

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

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

(h) If Franchisee fails to propose a qualified replacement or successor Operating Principal (or his designee, as applicable) within the time required under Section VI.C.(5) hereof;

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

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

(k) If Franchisee or any of the Principals fails to comply with the in-term covenants in Section X.C. hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Section X.C(4) hereof within thirty (30) days after being requested to do so by Franchisor;

(l) If, contrary to the terms of Section X.B(1) hereof, Franchisee or any of the Principals discloses or divulges any confidential information provided to Franchisee or the Principals by Franchisor, or fails to obtain execution of covenants and related agreements required under Section X.B(2) hereof within thirty (30) days after being requested to do so by Franchisor;

(m) If a transfer upon death or permanent disability is not transferred in accordance with Section XIV and within the time periods therein;

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

(o) If Franchisee breaches in any material respect any of the covenants in any material respect set forth in Section VI or has falsely made any of the representations or warranties set forth in Section VI;

(p) If Franchisee fails to propose a qualified replacement or successor Operating Principal or General Manager within the time required under Sections VI.C.(5) and VI.D.(4), respectively;

(q) If Franchisee fails to procure and maintain such insurance policies as required by Section XII and Franchisee fails to cure such default within seven (7) days following notice from Franchisor;

(r) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(s) If Franchisee or any of the Principals commits three (3) or more material events of default under this Agreement during any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor;

(t) If Franchisee or any of its affiliates fails or refuses to comply with any terms and conditions of any sublease, or related agreement, between Franchisor or its affiliates and Franchisee or its affiliates, and does not cure such default within any notice and cure period provided for in such sublease or related agreement following notice from Franchisor of such default (unless no cure period is specified in the sublease or other agreement, in which case the notice and cure period provided in Section XVI l.B. shall apply); and

(u) If Franchisee fails to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if Franchisee's or any of his/her owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of his/her owners otherwise violate any such law, ordinance, or regulation.

B. Except as provided in Sections XVII.A(2) and (3) of this Agreement, upon any default by Franchisee which is susceptible of being cured, Franchisor and Franchisee agree to the following steps:

(a) Franchisor shall send a letter to Franchisee outlining the problems or issues at Franchisee's location. Franchisee shall be given a certain amount of days to resolve said problem or issue and provide Franchisor with proof of resolution.

(b) If Franchisee has not resolved said problem or issue within the stated time period, Franchisor will send a formal default letter to Franchisee. Franchisee shall have seven (7) to ten (10) days (or such longer period as applicable law may require) to resolve said problem or issue. At the end of the stated time period, if Franchisee has not submitted proof of resolution, Franchisor shall begin imposing daily fines of Fifty Dollars ($50) per day for up to seven (7) days or until Franchisee has provided Franchisor with proof of resolution.

(c) If Franchisee has not resolved said problem or issue at the end of the daily fine period in Section XVII.B(b) above, Franchisor will send a letter to Franchisee with the amount of daily fines assessed to date and notify Franchisee that the daily fines will continue for an additional seven (7) days or until Franchisee has provided Franchisor with proof of resolution.

(d) If Franchisee fails to resolve said problem or issue at the end of the time period in Section XVII.B(c) above, Franchisor shall commence legal action and proceed with formal termination of the Franchise Agreement and eviction (if necessary) of Franchisee from the Franchised Location.

Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of thirty (30) days or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

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

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

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

C. **Cross-Defaults, Non-Exclusive Remedies, etc.** Any default by Franchisee (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee (or any person/Franchisor affiliated with Franchisee) under any other agreement, including, but not limited to, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee).

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

ARTICLE XVIII
POST-TERMINATION

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

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

B. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the Food Systems brand marks and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks.

C. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains a Food Systems brand mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

D. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, and Franchisee is not operating the premises pursuant to a sublease with Franchisor or an affiliate of the Franchisor, it shall not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition nor will Franchisee violate any of the covenants contained herein.

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

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

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

H. Franchisee and the Principals shall comply with the restrictions on confidential information contained in Section X of this Agreement and shall also comply with the non-competition covenants contained in Section X. Any other person required to execute similar covenants pursuant to Section X shall also comply with such covenants.

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

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

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

L. (1) Except as provided in Section XVIII.I. J. and M., Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, supplies, and inventory of Franchisee related to the operation of the Restaurant, at fair market value. Franchisor shall be purchasing Franchisee's assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees) against any payment therefore and shall pay the remaining amount in cash.

(2) In addition to the options described above and if Franchisee owns the Restaurant premises, then Franchisor shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, supplies and inventory therein at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If Franchisee does not own the land on which the Restaurant is operated and Franchisor exercises its option for an assignment of the lease, Franchisor may exercise this option for the purpose of purchasing the building if owned by Franchisee and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined in accordance with the appraisal procedure described above.

(3) With respect to the options described in Sections XVIII.K and L(1) and (2), 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 or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

(4) The time for closing of the purchase and sale of the properties described in Section XVIII.L(1) and (2) shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date Franchisor receives and obtains all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section XVIII.K. shall be a date no later than ten (10) days after Franchisor's exercise of its option thereunder unless Franchisor is exercising its options under either Section XVIII.L(1) or (2), in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

M. (1) Notwithstanding anything to the contrary contained in Sections XVIII.K. and L., if Franchisee operates the Restaurant from a premises that is subleased to Franchisee by Franchisor, or an affiliate of Franchisor, upon termination (or expiration if Franchisee does not renew) of this Agreement, Franchisor and/or its affiliate shall have the right to take immediate possession of the assets of the Restaurant, including any or all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, supplies, and inventory of Franchisee related to the operation of the Restaurant. Franchisor, or its affiliate, shall have a lien against all such assets in the amount of any amounts due to Franchisor or any of its affiliates under this Agreement or any other agreement. Franchisor shall have the right to have such assets appraised at the fair market value of the used assets, and to acquire all right, title and interest in and to such assets, without conducting any public sale, by paying to Franchisee (or to any lender of Franchisee who has a lien holder interest in the assets) the difference between the appraised value and the amounts owed to Franchisor (or its affiliates) by Franchisee at the time of termination. If the lien on the assets from Franchisee's lender has priority over any lien of Franchisor or its affiliates, and the amount of the lien is in excess of the appraised value of such assets, Franchisor shall have the right to deal directly with Franchisee's lien holder and to pay any amounts due to Franchisee directly to the lien holder. Franchisee agrees to provide all further assurances, and to execute all documents required by Franchisor or by law to lawfully affect such transfer, and to perfect Franchisor's security interest. Franchisor shall have the right to take such action without the execution of any further documents by Franchisee if Franchisee fails or refuses to comply with these further assurances.

(2) If Franchisee receives a Notice of Eviction from Franchisor due to termination for non-cured monetary defaults after notices have been sent and all cure periods described in Article

XVII have expired, Franchisee agrees that upon receipt of such Notice of Eviction Franchisee shall vacate the Premises by the date in the Notice of Eviction. The Premises must be in excellent condition with all assets and equipment in place at the time of departure. Franchisee shall not remove any non-personal items from the sub-leased Premises.

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

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

P. Upon termination of this Agreement according to its terms and conditions, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Royalty Fees Franchisee would have paid Franchisor on the product of (a) the Restaurant's average monthly Gross Revenue during its most recent 12 months of operation before the termination multiplied by (b) the number of months remaining in the Franchise Agreement had Franchisor not terminated it.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider these liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. Franchisee and each of its Owners 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 Fee section.

ARTICLE XIX
SECURITY INTEREST

Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Restaurant, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefor, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to

Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the addresses of Franchisee and Franchisor are stated in Article XX of this Agreement. If Franchisee is in good standing, Franchisor agrees, upon request, to execute subordinations of Franchisor's security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Restaurant.

ARTICLE XX
MISCELLANEOUS

A. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by prepaid facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

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

B. This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any and all prior negotiations, understandings, representations, letters of intent and any other agreements. Nothing in this or any related agreement, however, is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Franchisee by Franchisor. 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.

C. 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. Acceptance by the Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Principals of any terms, provisions, covenants or conditions of this Agreement.

D. 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.

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

F. If a Force Majeure event shall occur, then, in addition to payments required under Section XVII.A (3) (e), Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnities shall continue to be indemnified and held harmless by Franchisee in accordance with Section XV. Except as provided in Section XVII.A(3)(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such an affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

G. (1) The Parties acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, Franchisor and Franchisee agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section XX.H. If Franchisor and Franchisee cannot agree on a location, the mediation will be conducted in Seminole County, Florida. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. Franchisor and Franchisee agree that statements made by Franchisor, Franchisee or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third party who are required to participate in the mediation.

(2) If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section XX.H below to resolve such claim, controversy or dispute unless such time period is extended by written agreement of the parties. Notwithstanding the foregoing, Franchisor may bring an action (1) for monies owed, (2) for injunctive or other extraordinary relief, or (3) involving the possession or disposition of, or other relief relating to, real property in a court having jurisdiction and in accordance with section XX.I. below without first submitting such action to mediation or arbitration.

H. (1) EXCEPT AS PROVIDED IN THIS AGREEMENT, FRANCHISOR, FRANCHISEE AND THE PRINCIPALS AGREE THAT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THE FRANCHISE, FRANCHISEE'S ESTABLISHMENT OR OPERATION OF ANY **FOOD SYSTEMS BRAND** RESTAURANT UNDER THIS AGREEMENT (AND ANY AMENDMENTS THERETO) INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY FRANCHISEE OR ANY OF THE PRINCIPALS, OR PERSONS CLAIMING ON BEHALF OF FRANCHISEE OR THE PRINCIPALS, CONCERNING THE ENTRY INTO, THE PERFORMANCE UNDER OR THE TERMINATION OF THE AGREEMENT, OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR, OR ITS AFFILIATES, AND FRANCHISEE, ANY CLAIM AGAINST A PAST OR PRESENT OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF FRANCHISOR, INCLUDING THOSE OCCURRING SUBSEQUENT TO THE TERMINATION OF THIS AGREEMENT, SHALL, EXCEPT AS SPECIFICALLY SET FORTH HEREIN AND IN SECTION XX.I., BE REFERRED TO ARBITRATION, THE ARBITRATION SHALL BE CONDUCTED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AS AMENDED, EXCEPT THAT THE ARBITRATOR SHALL APPLY THE FEDERAL RULES OF EVIDENCE DURING THE CONDUCT OF THE HEARING SESSIONS WITH RESPECT TO THE ADMISSIBILITY OF EVIDENCE. IF SUCH RULES ARE IN ANY WAY CONTRARY TO OR IN CONFLICT WITH THIS AGREEMENT, THE TERMS OF THE AGREEMENT SHALL CONTROL. ONLY CLAIMS, CONTROVERSIES OR DISPUTES INVOLVING FRANCHISEE AND THE PRINCIPALS MAY BE BROUGHT HEREUNDER. NO CLAIM FOR OR ON BEHALF OF ANY OTHER FRANCHISEE OR SUPPLIER, OR CLASS, REPRESENTATIVE OR ASSOCIATION THEREOF, MAY BE BROUGHT BY FRANCHISEE OR THE PRINCIPALS HEREUNDER.

(2) THE PARTIES SHALL AGREE ON AN ARBITRATOR WITHIN FIFTEEN (15) DAYS OF THE FILING OF ARBITRATION. IF THE PARTIES CANNOT AGREE ON A SINGLE ARBITRATOR, FRANCHISOR AND FRANCHISEE SHALL EACH SELECT ONE (1) ARBITRATOR. IF THE PARTY UPON WHOM THE DEMAND FOR ARBITRATION IS SERVED FAILS TO SELECT AN ARBITRATOR WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THE DEMAND FOR ARBITRATION, THEN THE ARBITRATOR SO DESIGNATED BY THE PARTY REQUESTING ARBITRATION SHALL ACT AS THE SOLE ARBITRATOR TO RESOLVE THE CONTROVERSY AT HAND. THE TWO (2) ARBITRATORS DESIGNATED BY THE PARTIES SHALL SELECT A THIRD ARBITRATOR. IF THE TWO ARBITRATORS DESIGNATED BY THE PARTIES FAIL TO SELECT A THIRD ARBITRATOR WITHIN FIFTEEN (15) DAYS, THE THIRD ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION, OR ANY SUCCESSOR THERETO, UPON APPLICATION BY EITHER PARTY. ALL OF THE ARBITRATORS SHALL BE EXPERIENCED IN THE ARBITRATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES. THE ARBITRATION SHALL TAKE PLACE AT FRANCHISOR'S CORPORATE OFFICES. THE AWARD OF THE ARBITRATORS SHALL BE FINAL AND JUDGMENT UPON THE AWARD RENDERED IN ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE COSTS AND EXPENSES OF ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE ARBITRATORS SHALL BE REQUIRED TO SUBMIT WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW WITHIN THIRTY (30) BUSINESS DAYS FOLLOWING THE FINAL HEARING SESSION OF THE ARBITRATION. EACH PARTY SHALL BE RESPONSIBLE FOR ITS OWN COSTS AND EXPENSES OF ARBITRATION, INCLUDING COMPENSATION AND EXPENSES OF THE ARBITRATORS WHICH SHALL BE ALLOCATED TO EACH PARTY.

(3) NOTWITHSTANDING THE ABOVE, THE FOLLOWING SHALL NOT BE SUBJECT TO ARBITRATION:

(a) DISPUTES AND CONTROVERSIES ARISING FROM THE SHERMAN ACT, THE CLAYTON ACT OR ANY OTHER FEDERAL OR STATE ANTITRUST LAW;

(b) DISPUTES AND CONTROVERSIES BASED UPON OR ARISING UNDER THE LANHAM ACT, AS NOW OR HEREAFTER AMENDED, RELATING TO THE OWNERSHIP OR VALIDITY OF THE TRADEMARKS;

(c) DISPUTES AND CONTROVERSIES RELATING TO ACTIONS TO OBTAIN POSSESSION OF THE PREMISES OF THE RESTAURANT UNDER LEASE OR SUBLEASE.

(4) IF FRANCHISOR SHALL DESIRE TO SEEK SPECIFIC PERFORMANCE OR OTHER EXTRAORDINARY RELIEF INCLUDING, BUT NOT LIMITED TO, INJUNCTIVE RELIEF UNDER THIS AGREEMENT AND ANY AMENDMENTS THERETO, OR TO COLLECT MONIES DUE, THEN ANY SUCH ACTION SHALL NOT BE SUBJECT TO ARBITRATION AND FRANCHISOR SHALL HAVE THE RIGHT TO BRING SUCH ACTION AS DESCRIBED IN SECTION XX.I.

(5) IN PROCEEDING WITH ARBITRATION AND IN MAKING DETERMINATIONS HEREUNDER, THE ARBITRATORS SHALL NOT EXTEND, MODIFY OR SUSPEND ANY TERMS OF THIS AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY FRANCHISOR IN GOOD FAITH. NOTICE OF OR REQUEST TO OR DEMAND FOR ARBITRATION SHALL NOT STAY, POSTPONE OR RESCIND THE EFFECTIVENESS OF ANY TERMINATION OF THIS

AGREEMENT. THE ARBITRATORS SHALL APPLY FLORIDA LAW AND THE TERMS OF THIS AGREEMENT IN REACHING THEIR DECISION.

I. WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION OR ARBITRATION, OR AS OTHERWISE PROVIDED ABOVE, FRANCHISEE AND THE PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF SEMINOLE COUNTY, FLORIDA. FRANCHISEE AND THE PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND WAIVING ALL RIGHTS TO TRIAL BY JURY. FRANCHISEE AND THE PRINCIPALS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDA OR FEDERAL LAW. FRANCHISEE AND THE PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE SEMINOLE COUNTY, FLORIDA, PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (3) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, FRANCHISOR MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS RELATED TO THIS AGREEMENT OR THE RELATIONSHIP CREATED THEREBY, THIS AGREEMENT AND ANY SUCH RELATED CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS SHALL BE GOVERNED, ENFORCED AND INTERPRETED UNDER FLORIDA LAW (EXCEPT FOR FLORIDA CHOICE OF LAW RULES).

THE PARTIES AGREE THAT IN ANY DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR ANY PRINCIPAL OF FRANCHISEE OR WHICH COULD BE BROUGHT BY FRANCHISEE OR ON FRANCHISEE'S BEHALF) THE PARTIES KNOWINGLY WAIVE ALL RIGHTS TO TRIAL BY JURY. IN ANY ARBITRATION, LITIGATION OR OTHERWISE, THE PARTIES WAIVE ALL RIGHTS TO PUNITIVE, EXEMPLARY, MULTIPLE, PAIN-AND-SUFFERING, MENTAL DISTRESS OR SIMILAR DAMAGES AND AGREE THAT THE PARTIES MAY ONLY RECOVER ACTUAL FINANCIAL LOSSES.

J. FRANCHISEE, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH IN SECTION XX.I. ABOVE PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF FRANCHISEE, THE PRINCIPALS AND FRANCHISOR FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING APPLICABLE STATE LAW AND CHOICE OF FORUM HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

K. FRANCHISEE, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN LONGWOOD, FLORIDA, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN LONGWOOD, FLORIDA.

L. WITHOUT LIMITING ANY OF THE FOREGOING, FRANCHISOR RESERVES THE RIGHT, AT ANY TIME, TO CREATE A DISPUTE RESOLUTION PROGRAM AND RELATED SPECIFICATIONS, STANDARDS, PROCEDURES AND RULES FOR THE IMPLEMENTATION THEREOF TO BE ADMINISTERED BY FRANCHISOR OR ITS DESIGNEES FOR THE BENEFIT OF ALL FRANCHISEES CONDUCTING BUSINESS UNDER THE SYSTEM. THE STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES FOR SUCH DISPUTE RESOLUTION PROGRAM SHALL BE MADE PART OF THE MANUALS AND IF MADE PART OF THE MANUALS, ON EITHER A VOLUNTARY OR MANDATORY BASIS, FRANCHISEE SHALL COMPLY WITH ALL SUCH STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES IN SEEKING RESOLUTION OF ANY CLAIMS, CONTROVERSIES OR DISPUTES WITH OR INVOLVING FRANCHISOR OR OTHER FRANCHISEES, IF APPLICABLE, UNDER THE PROGRAM. IF SUCH DISPUTE RESOLUTION PROGRAM IS MADE MANDATORY, THEN FRANCHISEE AND FRANCHISOR AGREE TO SUBMIT ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND ATTACHMENTS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT FOR RESOLUTION IN ACCORDANCE WITH SUCH DISPUTE RESOLUTION PROGRAM PRIOR TO SEEKING RESOLUTION OF SUCH CLAIMS, CONTROVERSIES OR DISPUTES IN THE MANNER DESCRIBED IN SECTIONS XX.G.-I. (PROVIDED THAT THE PROVISIONS OF SECTION XX CONCERNING FRANCHISOR'S RIGHT TO SEEK RELIEF IN A COURT FOR CERTAIN ACTIONS INCLUDING FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF SHALL NOT BE SUPERSEDED OR AFFECTED BY THIS SECTION XX.L.), OR IF SUCH CLAIM, CONTROVERSY OR DISPUTE RELATES TO ANOTHER FRANCHISEE, FRANCHISEE AGREES TO PARTICIPATE IN THE PROGRAM AND SUBMIT ANY SUCH CLAIMS, CONTROVERSIES OR DISPUTES IN ACCORDANCE WITH THE PROGRAM'S STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES PRIOR TO SEEKING RESOLUTION OF SUCH CLAIM BY ANY OTHER JUDICIALLY OR LEGALLY AVAILABLE MEANS.

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

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

O. 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.

P. 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.

Q. 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.

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

S. 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 XVII 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.

T. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

U. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

V. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XIV), any rights or remedies under or as a result of this Agreement.

W. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

X. In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Restaurant, operate the Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Restaurant franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

Y. If Franchisor determines in its sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the franchised business which would cause harm to the franchise system and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her business 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. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the franchised business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's business; or Franchisor determines that operational problems require that Franchisor operate Franchisee's business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. 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. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

Z. This Agreement shall not become effective until signed by the President of Franchisor.

-signature page follows

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:

FOOD SYSTEMS UNLIMITED, INC.
a Florida corporation

By:________________________________

Jennifer Walsh, Vice President of Leasing and Franchising
(Print Name, Title)

FRANCHISEE (Entity):

____

By:________________________________

____________________, ________________
(Print Name, Title)

FRANCHISEE (Principal):

____

____
(Print Name)

FRANCHISEE (Principal):

____

____
(Print Name)

ATTACHMENT 1

APPROVED LOCATION, ASSIGNED AREA,
AREA OF PRIMARY RESPONSIBILITY AND OPENING DATE

**ACCEPTED LOCATION AND ADDRESS TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR FOR THE RESTAURANT, IN THE NON-EXCLUSIVE SITE SEARCH AREA OF ________________________________.

1. APPROVED LOCATION

   Pursuant to Section I.B. of the Franchise Agreement, the Restaurant shall be located at the following Approved Location:

2. ASSIGNED AREA

   Pursuant to Section I.D. of the Franchise Agreement, the Assigned Area shall be:

3. AREA OF PRIMARY RESPONSIBILITY

   Pursuant to Section I.E. of the Franchise Agreement, the Area of Primary Responsibility shall be:

4. OPENING DATE

Attachment 2

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Food Systems Unlimited, Inc., a Florida corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as __________________________________. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
FOOD SYSTEMS UNLIMITED, INC.	______________________________
By:__________________________	By:__________________________
Name:________________________	Name:________________________
Title:_________________________	Title:_________________________
Date:_________________________	Date:_________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.

Dated:______________________

____

___________________________________, Lessor

Attachment 3

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	**Percentage of Ownership**

Attachment 4

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this day of ______________________, between Food Systems, Inc., a Florida corporation ("Franchisor"), ____________________________________ ("Franchisee") and __________________ ("Covenantor").

RECITALS

WHEREAS, Franchisor has acquired the right to develop a unique system (the "System") for the development and operation of retail restaurants under the Food Systems brand name and mark ("Restaurants"); and

WHEREAS, the Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has granted Franchisee the limited right to operate a Restaurant using the System, the Marks and the Trade Secrets for the period defined in the franchise agreement made and entered into on _________________ ("Franchise Agreement"), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain employees, agents, independent contracts, officers, directors and interest holders of Franchisee, or any entity having an interest in Franchisee ("Covenantor") to have access to and to use some of all of the Trade Secrets in the management and operation of Franchisee's business using the System; and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the Food Systems brand mark and such other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service and distinctive exterior and interior design, decor and color scheme and furnishings ("Marks"); proprietary ingredients for oriental food items; proprietary recipes and menu items; uniform standards, specifications and procedures for inventory and management and financial control; operations; quality and uniformity of products and services offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in connection with the operation of the System ("Trade Secrets"); and

WHEREAS, the Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisee has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become, associated with or employed by Franchisee; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform his services for Franchisee; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Covenantor shall be deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his employment or association with the Franchisee and then only in connection with the development and/or operation by Franchisee of a Restaurant for so long as Franchisee is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a Restaurant using the System.

5. Covenantor shall surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. All manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants as follows:

   a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchisee's Restaurant to any competitor of the Restaurant.

b. Except for the Restaurant described in the Franchise Agreement, not to directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of Franchisor, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar marks or operates or licenses others to operate a business under the same or similar marks, which business is of a character and concept similar to the Restaurant, including a restaurant or deli business which offers and sells Asian cuisine of any type.[1]

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for one (1) year following the earlier of the expiration, termination or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of his association with or employment by Franchisee, Covenantor will not, without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Restaurant to any competitor.

b. Employ, or seek to employ, any person who is at the time or was within the preceding ninety (90) days employed by Franchisor, any of its affiliates or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment.

c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is of a character and concept similar to the Restaurant, including a restaurant which offers and sells oriental food items, which business is, or is intended to be, located within the Assigned Area or within a twenty-five (25) mile radius of the location of any Restaurant or food service facility in existence or under construction at any given time during such period.[1]

Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

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[1] May be deleted if Franchisor does not require Franchisee to obtain the execution of this covenant by Covenantor. See Section X.C(4) of the Franchise Agreement

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA WITHOUT REFERENCE TO FLORIDA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF SEMINOLE COUNTY, FLORIDA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE SEMINOLE COUNTY, FLORIDA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

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

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Food Systems Unlimited, Inc.
750 Florida Central Parkway, Suite 100
Longwood, Florida 32750
Attention: President
Facsimile: 407-830-4443

with a copy to:
Harold L. Kestenbaum, Esq.
Harold L. Kestenbaum, P.C.
175 Broadhollow Road, Suite 175
Melville, New York 11747

Facsimile: 516-745-0293

If directed to Franchisee, the notice shall be addressed to:

____
____
____
Attention:__________________
Facsimile:__________________

If directed to Covenantor, the notice shall be addressed to:

____
____
____
Attention:__________________
Facsimile:__________________

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days' written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of Franchisor.

-signature page follows-

The undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

FOOD SYSTEMS UNLIMITED, INC.
a Florida corporation

By:____

Jennifer Walsh, Vice President of Leasing and Franchising
(Print Name, Title)

FRANCHISEE (Entity):

____

By:____

______________________________, ______________________
(Print Name, Title)

FRANCHISEE (Principal):

____

____
(Print Name)

FRANCHISEE (Principal):

____

____
(Print Name)

Attachment 5

SOFTWARE LICENSE AGREEMENT

This Software License Agreement ("Software License") is entered into between Food Systems Unlimited, Inc., a Florida corporation ("Licensor"), and ___________________________ ("Franchisee") pursuant to a franchise agreement dated this day of __________________ ("Franchise Agreement") under which Franchisee will operate a retail restaurant business (the "Restaurant") located at ______________________________.

1. Licensor hereby grants to Franchisee a non-exclusive, non-assignable license to use the database configurations ("Software"), listed in the schedule to this Software License. The schedule may be updated from time to time by Licensor to include enhancements, upgrades or replacements ("Enhancements") to the Software, which Licensor will make available to Franchisee from time to time at a reasonable cost.

2. Franchisee shall use the software only in the operation of the Restaurant at the location of the Restaurant indicated above. Franchisee may not modify, copy or reproduce in any form all or any part of the Software without the prior written consent of Licensor, and in such event solely to the extent required for use of the Software in the operation of the Restaurant. Franchisee shall not make available the Software, the user and operating manuals thereto, or any copy thereof, to any party except as described below in paragraph 4. Franchisee shall not reverse assemble, reverse compile or otherwise recreate the Software.

3. All copies of the Software, including any produced by Franchisee with Licensor's consent, are and shall be the sole and exclusive property of Licensor or authorized third parties during and after the term of this Software License. Franchisee acknowledges and agrees that Licensor may secure all or any part of the Software from third parties. Franchisee agrees to execute and deliver to Licensor any further contracts, agreements or other documents reasonably required by Licensor in order to secure its compliance with any agreement with such other parties.

4. Franchisee understands and acknowledges that the Software contains Licensor's trade secrets and agrees, during the term of this Software License and thereafter, not to communicate, divulge or use the Software other than in the operation of the Restaurant by Franchisee and its employees. Franchisee shall divulge and allow access to the Software only to its employees who must have access to it in connection with their employment in the Restaurant. At Licensor's request, Franchisee shall require and obtain execution of covenants concerning the confidentiality of the Software from any persons employed by Franchisee who have access to the Software. These covenants shall be in a form substantially similar to the confidentiality covenants contained in Attachment 5 to the Franchise Agreement.

5. Franchisee shall exercise reasonable precautions, no less rigorous than those Franchisee uses to protect its own confidential information, to protect the confidentiality of the Software and the user and operating manuals thereto, which precautions shall include, at a minimum, giving instructions to Franchisee's employees who will have access to the Software and the user and operating manuals thereto that the same are proprietary to, and the trade secrets of, Licensor or such third parties. Franchisee shall not remove or alter any designations that Licensor or such third parties have included in the Software and the user and operating manuals thereto that indicate such material is the proprietary property of Licensor or such third parties.

6. Franchisee agrees to notify Licensor immediately of the existence of any unauthorized knowledge, possession or use of the Software or of any part thereof.

7. Should the Software become, or in Licensor's opinion be likely to become, the subject of a claim of infringement, Licensor may (at Licensor's election) procure for Franchisee the right to continue to use the Software, or replace the Software with non-infringing functionally equivalent software, or modify the Software to make it non-infringing. If none of these alternatives are commercially practicable for Licensor, then Licensor may discontinue this Agreement as to the infringing Software following payment to Franchisee of Franchisee's reasonable direct costs to replace the Software with comparable software.

8. Franchisee acknowledges and agrees that the Software and user and operating manuals thereto are the valuable property and trade secrets of Licensor or other authorized parties, that any violation by Franchisee of the provisions of this Software License would cause Licensor or such other parties irreparable injury for which they would have no adequate remedy at law, and that, in addition to any other remedies which Licensor may have, it shall be entitled to preliminary and other injunctive relief against any such violation.

9. The term of this Software License shall be co-extensive with the term of the Franchise Agreement, including any renewal of the Franchise Agreement.

10. Expiration or termination of the Franchise Agreement for whatever reason shall automatically terminate this Software License and the right granted by it to use the Software, without notice to Franchisee. If Licensor's license to any of the Software secured from third parties should terminate, then this Software License shall automatically terminate as to such Software and Franchisee shall comply with the provisions of paragraph 11 in connection with such Software. In addition, Licensor may terminate this Software License upon the failure by Franchisee to comply with any of the terms and conditions herein by giving Franchisee written notice of termination stating the nature of the breach at least thirty (30) days prior to the effective date of termination; provided that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Licensor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Licensor. If any such default is not cured within that time, or such longer period as applicable law may require, this Software License shall terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require.

11. Upon the expiration or termination of this Software License or upon the expiration or termination of the Franchise Agreement, whichever shall occur earlier, Franchisee shall immediately deliver to Licensor all copies of the Software then in Franchisee's possession or control and erase the Software from Franchisee's computer system, and shall immediately cease to use the Software.

12. Licensor will replace without charge any copies of the Software provided under this Software License which have defects in materials and workmanship that are not caused by Franchisee's misuse or unauthorized modification of the Software. **THIS REPLACEMENT SHALL BE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDY.**

13. FRANCHISEE IS SOLELY RESPONSIBLE FOR DETERMINING ITS DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT SHALL LICENSOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO FRANCHISEE OR ANY OTHER PERSON OR ENTITY (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, AND EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS SOFTWARE LICENSE IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING

PROVISION OF WAIVER BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS SHALL CONTINUE IN FULL FORCE AND EFFECT.

14. EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO FRANCHISEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED.

15. THIS SOFTWARE LICENSE SHALL BE INTERPRETED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF FLORIDA (EXCEPT FOR FLORIDA CHOICE OF LAW RULES).

16. If any term herein is declared to be void or unenforceable by a court of competent jurisdiction, such declaration shall have no effect on the other terms of this Software License, which will remain in effect and fully enforceable.

17. Franchisee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon the gross income of Licensor.

18. Franchisee may not sell, lease, assign, sublicense or otherwise transfer any of its rights under this Software License without the prior written consent of Licensor.

19. Notice under this Software License shall be provided as indicated in Section XX of the Franchise Agreement.

20. The terms of this Software License are incorporated into the Franchise Agreement by reference. This Software License and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties.

Remainder of Page Intentionally Blank

The parties have duly executed and delivered this Software License on this day of _________________________________.

LICENSOR:

FOOD SYSTEM UNLIMITED, INC.,
a Florida corporation

By:_________________________________
Name:
Title:

FRANCHISEE:

By:_________________________________
Name:
Title:

SCHEDULE TO SOFTWARE LICENSE AGREEMENT

Software

Attachment 6

SUBLEASE AGREEMENT

THIS SUBLEASE, made and entered into by and between **FOOD SYSTEMS UNLIMITED, INC**., with its principal office at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750 (hereinafter called the "Sublessor"), and __________________, a ________ corporation, currently of ____ (hereinafter referred to as "Sublessee").

1. Lease of Premises. The Sublessor hereby lets to the Sublessee, and Sublessee hires from the Sublessor, the following described premises, herein called "demised premises", situated in the County of __________, State of __________: a room which was constructed as part of the ________________ , herein referred to as "shopping center"; the demised premises shall be deemed not to include either the land lying thereunder or the exterior walls or roof of the building in which the demised premises are located. The street address of the demised premises will be ____.

2. Sublease. This is a sublease, and the Sublessor's interest in the premises is as a lessee pursuant to a lease made by and between the Sublessor, and __________________________, (Lessor), dated effective ____________________,copy of which, initialed for identification ("Underlying Lease"), is attached hereto. Except as is modified or supplemented by this Sublease Agreement, this sublease is expressly made subject to all the terms and conditions of said original Underlying Lease, and the Sublessee agrees to use the premises in accordance with all of the terms of said Underlying Lease, and not to do or omit to do anything which will breach any of the terms or provisions thereof. If said Underlying Lease is terminated, this sublease shall terminate simultaneously. The Sublessee hereby agrees to assume the obligation for performance of all of the Sublessor' obligations under aforesaid Underlying Lease, including, but not limited to, any and all obligations for payment of rent, or other assessments. By its attachment hereto, said Underlying Lease, and all the terms and provisions therein are hereby made a part of this Sublease Agreement, and are incorporated by reference herein.

3. Term. The Underlying Lease is for a term commencing as provided in Article _ and Article __ of the Underlying Lease and extends until the end of a term of approximately ___ (__) years as the same is more particular defined in the Underlying Lease. The term of this sublease shall commence upon the execution hereof, and shall simultaneously terminate with the Underlying Lease. Any and all other terms or provisions regarding commencement and expiration dates and/or earlier termination, contained in the Underlying Lease are hereby incorporated into this Sublease Agreement and made a part hereof.

4. Rental Payments. Rental payments due from the Sublessee pursuant to this Sublease Agreement shall be the same as those set forth in the Underlying Lease. Rental payments due shall be as the same are defined in Article _________ entitled "__________________", and Article ____ entitled "_______________" as set forth in the Underlying Lease. For purposes of this Sublease Agreement, the effective dates of any rental increases for the Sublessor pursuant to the Underlying Lease, shall apply as to Sublessee.

The minimum fixed rent pursuant to the Underlying Lease is as follows:

(BASE RENT TERMS TO BE INSERTED HERE)

Additionally, Sublessee shall pay percentage rent as the same is defined in the Underlying Lease, and a security deposit as determined by the Sublessor in its absolute discretion. Additionally, any and all provisions, terms, or obligations regarding rent, percentage rent, additional rent, penalties, charges, or other assessments pursuant to the Underlying Lease are incorporated herein and made a part hereof, and

Subleases shall adhere and comply with the same.

5. Method of Payment. All rental payments due hereunder shall be due on the date or dates specified in the underlying lease, and shall be paid directly to Lessor, or to any agent authorized by Lessor to accept and collect said payments, at such times and places as the Sublessee may be directed by the Lessor or the Sublessor. All payments, whether rental payments or other payments for which the Sublessee is obligated pursuant to the Underlying Lease, shall be made in accordance with the terms and provisions of the Underlying Lease.

6. Insurance. Sublessee shall procure and maintain in force during the term of this sublease, and any extension thereof, at its expense, public liability insurance in companies and through brokers approved by the Sublessor, adequate to protect against liability for damage claims through public use of, or arising out of, accidents occurring in or around the leased premises, in the amount required by the Underlying Lease. Such insurance policies shall provide coverage for the Lessor pursuant to the Underlying Lease, and the Sublessor's contingent liability on such claims or losses. The policies shall be delivered to Sublessor for keeping, or for delivery by Sublessor to the Lessor of the Underlying Lease for keeping. Sublessee agrees to obtain a written obligation from the insurers to notify Sublessor in writing at least thirty (30) days prior to cancellation or refusal to renew any such policies. Sublessee agree that if such insurance policies are not kept in force during the entire term of this sublease, and any extension thereof, Sublessor may procure the necessary insurance and pay the premium therefore, and that such premium shall be repaid to Sublessor as an additional rent installment for the month following the date on which such premiums are paid. Sublessee shall in all respects comply with insurance requirements which are otherwise set forth in the Underlying Lease.

7. Sublease, License, Assignment or Transfer. Sublessee agrees and acknowledges that the rights and obligations of this sublease cannot be assigned, sublet, or transferred, in part or in whole, nor may the premises be licensed for occupation, in part or in whole, by any persons other than Sublessee, without first obtaining Sublessor's prior written consent, and the prior written consent of Lessor.

8. Authority. Sublessee acknowledges that they have no authority to approach or represent the Sublessor with any mall or landlord representative at either the mall or corporate office level. Sublessee agrees and understands that in the event that they pay the landlord the rent directly this in no means implies, shows authority, or diminishes the Sublessor's rights to enforce the merits of this agreement.

9. Default.

a. Sublessor's Remedies. If Sublessee defaults in payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereto, Sublessor may give Sublessee written notice of such default, and if Sublessee does not cure any default by reason of non-payment of rent or additional rent within three (3) days, or any other default within seven (7) days after the giving of such notice, or such other notice as may be required by the Laws of the State of __________, then Sublessor may terminate this sublease. In the event of termination of the sublease by reason of Sublessee's default, Sublessee shall remain liable as provided in Article _____ of the Underlying Lease, and as may be provided elsewhere in said Underlying Lease. If the sublease shall have been so terminated by Sublessor, Sublessor may at any time thereafter secure possession of the premises by any lawful means. Additionally, Sublessee understands and agrees that ___________________________, as the Lessor pursuant to the Underlying Lease, may give notice of such defaults simultaneously to the Sublessor and Sublessee and that said notice shall constitute notice as if the same were given to the Sublessee by the Sublessor.

b. Sublessee's Remedies. If the Sublessor defaults in the performance of a material provision of this lease, Sublessee may give Sublessor written notice of such default, and if

Sublessor does not proceed with reasonable diligence and in good faith to cure the default within seven (7) days after Sublessee gives such notice, then Sublessee may terminate this Sublease. The notice required in this paragraph shall be given by certified mail, return receipt requested.

c. Acceleration of Rental Payments. If the Sublessor terminates this Sublease due to a non-cured default, the Sublessee and the Sublessor acknowledge and agree that the liquidated damages due from the Sublessee to the Sublessor will be the monthly minimum rent times the remaining term on the lease. Additionally, Sublessee shall be responsible for any other fees obligated to the Sublessor by the landlord, judgment or other matter.

10. Termination By Sublessor. If the Sublessee shall materially default in the performance of any of Sublessee's obligations under this sublease, or shall become insolvent, or shall be adjudicated to be a bankrupt, or shall file a voluntary petition in bankruptcy or for reorganization, or if a receiver is appointed for Sublessee and the appointment is not vacated within sixty (60) days from such appointment, Sublessor may terminate this sublease without penalty. Such termination shall not release or discharge Sublessee from any obligation or liability to Sublessor hereunder, and the Sublessee shall remain liable as provided in Article _____ of the underlying lease, which has been incorporated as a part of this Sublease Agreement.

11. Termination Pursuant to Franchise Agreement. The parties hereby acknowledge that they have entered into a separate agreement, titled FOOD SYSTEMS UNLIMITED, INC. FRANCHISE AGREEMENT, by and between Food Systems Unlimited, Inc., as Franchisor, and ________________________________, as Franchisee, dated effective ______________________, pursuant to which Sublease has been granted a franchise license to operate a "________________" fast food restaurant business at the premises which are the subject of this Sublease Agreement. Sublease acknowledges and agrees that failure of Sublease to abide by or perform any of the obligations assumed by Sublease pursuant to said Franchise Agreement may result in a termination of said Franchise Agreement. Should said Franchise Agreement be terminated, then, in such event, at the option of the Sublessor, this Sublease may also be terminated.

12. Cross-Default. Any default by Sublessee under this Sublease Agreement may be regarded as a default under any other agreement between Sublessor (or any affiliate of Sublessor) and Sublessee (or any affiliate of Sublessee). Any default by Sublessee (or any affiliate of Sublessee) of any other agreement between Sublessor (or any affiliate of Sublessor) and Sublessee (or any affiliate of Sublessee) may be regarded as a default under this Sublease Agreement. "Other Agreement" for purposes of this paragraph 11 shall include, but not be limited to, any lease, sublease, franchise agreement, development agreement, construction agreement, purchase agreement, security agreement, promissory note, and any other agreement between Sublessor in any capacity (or any affiliate of Sublessor) and Sublessee in any capacity (or any affiliate of Sublessee). Any default under any agreement by Sublessee for this or any future locations may be regarded as a default under all agreements. In all such events, Sublessor shall have rights and remedies allowed in law or equity, with no such rights and/or remedies being exclusive of any other.

13. Sublessor's Continuing Liability. No term or provision of this Sublease Agreement shall serve to excuse the Sublessor from it's duties and obligations as Lessee pursuant to the Underlying Lease, and Sublessor shall remain liable to the Lessor of the Underlying Lease for payment of all rent, percentage rent, taxes and other assessments, expenses, and items of additional rent, and other obligations of Lessee as the same are set forth in the Underlying Lease. However, the provisions of this Paragraph 11 shall not mitigate, alter, amend or modify the terms, provisions, obligations, duties or remedies of the parties, as the same are set forth in this Sublease Agreement.

14. Indemnification. The Sublessor shall not be responsible for any defect or change of condition in said premises, nor any damage thereto, nor to any person, nor to goods or things contained therein due to any cause whatsoever except the act or negligence of the Sublessor, and the Sublessee will

indemnify Sublessor from any claims, demands, and actions arising in connection with Sublessee's use of the property, or the use by any person occupying said premises during the term hereof, or by reason of any breach or non-performance of any covenant herein, or the violation of any law or regulation by the Sublessee.

15. Attorney's Fees. The Parties will be responsible for their respective legal fees. Each Party waives any claim against other Party for payment of same.

16. Manner Of Giving Notice. Notice given pursuant to the provisions of this Sublease, or necessary to carry out its provisions, shall be in writing, and delivered personally to the person to whom the notice is to be given, or mailed postage prepaid, addressed to such person. Sublessor's address for this shall be 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750, or at such other place as directed by Sublessor in writing. Notice to Sublessee may be addressed to Sublessee at the leased premises.

17. Waiver. No waiver of any default by the Sublessee shall be implied from any omission by the Sublessor to take action with respect to any such default as the default persists or is repeated. No express waiver shall affect any action other than the action specified in the expressed waiver, and that only for the time and to the extent stated in the expressed waiver. Any such waiver of any provision by the Sublessor shall not be construed as a waiver of any subsequent breach of the same provision, or of any other provision.

18. Governing Law. The validity, interpretation and construction of this agreement shall be governed by the laws of the State of Florida. Any suit or other legal action shall be initiated, filed and maintained in the Federal and/or State Court of appropriate jurisdiction.

19. Headings. The headings in this agreement have been included solely for the ease of reference and shall not be considered in the interpretation or construction of this agreement.

20. Radon Gas. Radon is naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida and other States of the Union. Additional information regarding radon may be obtained from your county public health unit.

The parties have executed these presents as of this day of _______________.

Signed in the presence of:	**SUBLESSOR**: **FOOD SYSTEMS UNLIMITED, INC.** By:______________________________ Name: Biagio Schiano Title: President **SUBLESSEE**: ______________________________ By:______________________________ Name:____________________________ Title:_____________________________

STATE OF _______________
COUNTY OF _____________

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared ____________________ as the ____________ and Representative of the Sublessee corporation in the foregoing Sublease, who is personally known to me or presented ________________________ as identification, and who executed the foregoing Sublease Agreement, in the presence of two

subscribing witnesses and they acknowledged before me that she executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this ____day of __________, 200_.

____
Notary Public signature
My Commission Expires:

STATE OF________________
COUNTY OF _____________

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared _______________ as the _________ and Representative of the Sublessor corporation in the foregoing Sublease, who is personally known to me or presented _____________________ , as identification and he acknowledged executing the same in the presence of two subscribing witnesses freely and voluntarily under authority duly vested in him/her by said corporation and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid this _______day of ______________.

____
Notary Public signature
My Commission Expires:

ATTACHMENT 7
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO FOOD SYSTEMS UNLIMITED, INC. ("COMPANY")

Depositor hereby authorizes and requests ______________________________ (the "Depository") to initiate debit and credit entries to Depositor's _ checking and _ savings account (select one) indicated below drawn by and payable to the order of Food Systems Unlimited, Inc. by Electronic Funds Transfer provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:____

City:__________________________ State:________________ Zip Code:___________________________________

Transit/ABA Number:_________________________________ Account Number:____________________________

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

____

____

____
Date Signed

____

____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 8

FOOD SYSTEMS UNLIMITED, INC.

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20___ by and between Food Systems Unlimited, Inc., a Florida corporation having its principal place of business located at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750 (the "Franchisor"), and __________________, an individual residing at ________________________ OR __________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Florida law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Florida.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

RELEASOR:

____
(Name)

FOOD SYSTEMS UNLIMITED, INC.:

By:___________________________________
Name:_________________________________
Title:__________________________________

ATTACHMENT 9

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on____________________ to Food Systems Unlimited, Inc., a Florida corporation ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with ________________ ______________________________________, a(n) ____, ____ and ____ ______________________________________(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

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

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Article 10 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

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

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

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

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

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

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

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

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

____

Print Name: ___________________________________

ATTACHMENT 10

Participating Franchisee Beverage Marketing Agreement
For the Beverage Marketing Agreement between
Food Systems Unlimited, Inc. ("FSUI") and
Coca-Cola North America FoodService ("CCF"), a division of The Coca-Cola Company dated
September 21, 2007 (the "Agreement")

CCF offers a marketing and equipment program to FSUI and its franchisees (the "System") as described in the above-referenced Agreement. This letter ("Participation Letter") will confirm that the FSUI authorized franchisee or licensee set forth in the signature line below ("Participating Franchisee") will participate in CCF's program as detailed in the Agreement. Franchisees will not be deemed to have elected to participate in CCF's program until the Participation Letter is signed by the Participating Franchisee. Participating Franchisee will only sell CCF's fountain beverages in the outlets owned or operated by the Participating Franchisee (the "Participating Franchised Outlets"). Participating Franchisee further agrees not to serve any PepsiCo brands beverages or any competitive cola products in bottles, cans or other packaging in the Participating Franchised Outlets.

By signing this agreement, Participating Franchisee further authorizes CCF to pay to FSUI funding available to FSUI and its Participating Franchisees in connection with the purchase and promotion of CCF fountain beverages and the equipment and service of fountain beverage equipment. In order to increase the value of System-wide promotional activities and to defray the cost of participation in such activities, Participating Franchisee hereby authorizes CCF to pay directly to FSUI on its behalf the funding earned on purchases of CCF fountain syrups for Participating Franchisee.

As part of the CCF program, Participating Franchisee will lease fountain beverage dispensing equipment from CCF without charge. The equipment provided by CCF will at all times remain the property of CCF and is subject to the terms and conditions of CCF's standard lease agreement, except that no lease charge will be assessed. The Lease terms are attached as **Exhibit "A"** and are a part of this Participation Letter, except as specifically changed by the Agreement.

Neither party shall disclose to any third party without the prior written consent of the other party, any information concerning this Participation Letter or the Agreement between FSUI and CCF, or the transactions contemplated hereby, except for disclosure to any franchisors, employees, attorneys, accountants and consultants involved in assisting with the negotiation and closing of the contemplated transactions, or unless such disclosure is required by law. A party that makes a permitted disclosure must obtain assurances from the party to whom disclosure is made that such party will keep confidential the information disclosed.

This Participation Letter is effective as of the first day of the month in which it is signed by Participating Franchisee, and will continue until the Agreement between FSUI and CCF has expired.

Agreed to this ___ day of __________, 20__

COCA-COLA NORTH AMERICA FOODSERVICE

____

Ben Shanley
East Region, Vice President

ADDRESS: _______________________

____

PHONE: __________________________

Agreed to this ___ day of __________, 20__

____
(FRANCHISEE LEGAL NAME)

____
(SIGNATURE)
NAME: ___________________________
TITLE: ___________________________

EXHIBIT "A"
COCA-COLA FOUNTAIN EQUIPMENT LEASE AGREEMENT

1. **LEASE AGREEMENT AND TERM**. The Coca-Cola Company, through its Coca-Cola North America division, ("Company") hereby leases to the account ("Lessee") all fountain beverage dispensing equipment provided to Lessee (the "Equipment"), subject to the terms and conditions set forth in this Lease Agreement. Unless otherwise agreed in writing, the Equipment shall also include, where applicable, all permanent merchandising, menu boards, refrigeration units, ice makers and water filtration equipment installed by Company on Lessee's premises. Each piece of Equipment is leased commencing on its installation date (the "Commencement Date"). Lessee may request the removal of any Equipment upon thirty (30) days prior written notice to Company. Removal of Equipment will not affect the term of any other agreement between the parties If this Lease is terminated with respect to any piece of Equipment for any reason prior to 100 months from the Commencement Date for that piece of Equipment, Lessee will pay Company the actual cost of removal of that Equipment, as well as the unamortized portion of the costs of (i) installation, (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment, (iii) remanufacturing, and (iv) standard shipping and handling charges. The terms of this Lease will continue in effect with respect to each piece of Equipment until the Equipment has been removed from Lessee's premises and will survive the expiration or termination of any other agreement between the parties.

2. **RENT FOR THE EQUIPMENT**. [DELETED]

3. **TITLE TO THE EQUIPMENT**. Title to the Equipment is, and will at all times remain, vested in Company. Lessee will have no right, title, or interest in or to the Equipment, except the right to quiet use of the Equipment in the ordinary course of its business as provided in this Lease. Lessee shall execute such title documents, financing statements, fixture filings, certificates and such other instruments and documents as Company shall reasonably request to ensure to Company's satisfaction the protection of Company's title to the Equipment and Company's interests and benefits under this Lease. Lessee shall not transfer, pledge, lease, sell, hypothecate, mortgage, assign or in any other way encumber or dispose of any of the Equipment. THE PARTIES AGREE, AND LESSEE WARRANTS, THAT THE EQUIPMENT IS, AND WILL AT ALL TIMES REMAIN, PERSONAL PROPERTY OF COMPANY NOTWITHSTANDING THAT THE EQUIPMENT OR ANY PART THEREOF MAY NOW BE, OR HEREAFTER BECOME, IN ANY MANNER AFFIXED OR ATTACHED TO, OR EMBEDDED IN, OR PERMANENTLY RESTING UPON, REAL PROPERTY OR IMPROVEMENTS ON REAL PROPERTY. Lessee may perform ordinary maintenance and repairs to the Equipment as required by this Lease, but shall not make any alterations, additions, or improvements to the Equipment without the prior written consent of Company. All parts added to the Equipment through alterations, repairs, additions or improvements will constitute accessions to, and will be considered an item of the Equipment and title to such will immediately vest in Company. Lessee agrees that Company may transfer or assign all or any part of Company's right, title and interest in or to any Equipment (in whole or in part) and this Lease, and any amounts due or to become due, to any third party ("Assignee") for any reason. Upon receipt of written notice from Company of such assignment, Lessee shall perform all its obligations with respect to any such Equipment for the benefit of the applicable Assignee, and, if so directed, shall pay all amounts due or to become due hereunder directly to the applicable Assignee or to any other party designated by such Assignee.

4. **USE OF EQUIPMENT**. Lessee acknowledges that the rent does not fully compensate Company for its expenses concerning its research and development efforts designed to improve fountain equipment or in providing the Equipment to Lessee, and that Company provides the Equipment to Lessee for the purpose of dispensing Company products. Therefore, Lessee agrees that if the Equipment is a fountain beverage dispenser, then the Equipment will be used for the purpose of dispensing fountain beverage products of Company, such as Coca-Cola® classic (or Coke®), diet Coke® and Sprite®, with the understanding that, if the dispenser has four (4) or more valves, one (1) valve may be used at Lessee's option for dispensing one (1) non-Company, non-cola fountain beverage product; provided, that no product of PepsiCo, Inc. or of an affiliate thereof may be dispensed. Lessee further agrees not to dispense any product whose pungency could affect normal operation of the Equipment. In accordance with Company's Fair Share Policy, Company will have the right to additional rent if any valve is used for a non-Company beverage (including water), at a rate of not less than $45 per dispenser per year. If the Equipment is a pump for bag-in-box or similar container, such pump may be used only to dispense Company products. If the Equipment is other than a fountain beverage dispenser or a pump, then it will be used only in a location where fountain beverage products of Company are served and where no fountain beverage products of PepsiCo, Inc. or an affiliate of PepsiCo, Inc. are served. This Section 4 shall not apply within the State of Wisconsin.

5. **INSPECTION AND NOTIFICATION**. Company shall have the right during Lessee's regular business hours to inspect the Equipment at Lessee's premises or wherever the Equipment may be located and to review all records that relate to the Equipment. Lessee shall promptly notify Company of all details arising out of any change in location of the Equipment, any alleged encumbrances thereon or any accident allegedly resulting from the use or operation thereof.

6. **WARRANTY DISCLAIMER**: LESSEE ACKNOWLEDGES THAT COMPANY IS NOT A MANUFACTURER OF THE EQUIPMENT AND THAT COMPANY HAS MADE NO REPRESENTATIONS OF ANY NATURE WHATSOEVER PERTAINING TO THE EQUIPMENT OR ITS PERFORMANCE, WHETHER EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES RELATING TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR ITS PERFORMANCE, OR ANY WARRANTY AGAINST INTERFERENCE OR INFRINGEMENT, OR ANY WARRANTY WITH RESPECT TO PATENT RIGHTS, IF ANY, PERTAINING TO THE EQUIPMENT. COMPANY SHALL NOT BE RESPONSIBLE FOR ANY LOSS OF PROFITS, ANY DIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES, OR DAMAGES OF ANY NATURE WHATSOEVER, RESULTING FROM THE DELIVERY, INSTALLATION, MAINTENANCE, OPERATIONS, SERVICE OR USE OF ANY EQUIPMENT OR OTHERWISE.

7. **TAXES**. Lessee shall pay all assessments, license fees, taxes (including sales, use, excise, personal property, ad valorem, stamp, documentary and other taxes) and all other governmental charges, fees, fines or penalties whatsoever, whether payable by Company or Lessee, on or relating to the Equipment or the use, registration, rental, shipment, transportation, delivery, or operation thereof, and on or relating to this Lease.

8. **MAINTENANCE AND REPAIRS**. If Lessee elects to use one valve to dispense one (1) non-Company beverage pursuant to Section 4, Company may charge for its costs of servicing such valve in accordance with Company's Fair Share Policy at a rate of not less than $25 per outlet per year. Lessee shall, at its expense, keep the Equipment in good condition, repair, and working order. Lessee shall pay all costs

incurred in connection with the shipment, use, operation, ownership, or possession of the Equipment during the term of this Lease. Lessee's sole recourse against Company with respect to service provided by Company or its agents to the Equipment is that Company will correct any defective workmanship at no additional charge to Lessee, provided that Company is given prompt notification of any defective workmanship. Company shall not be otherwise liable for negligent acts or omissions committed in regard to maintenance or repair of the Equipment and assumes no responsibility for incidental, consequential or special damages occasioned by such negligent acts or omissions.

9. **RISK OF LOSS**. All risk of loss, including damage, theft or destruction, to each item of Equipment will be borne by Lessee. No such loss, damage, theft or destruction of Equipment, in whole or in part, will impair the obligations of Lessee under this Lease, all of which will continue in full force and effect.

10. **INDEMNITY**. Lessee shall indemnify Company and Company's officers, agents, employees, directors, shareholders, affiliates, successors, and assigns (hereinafter the "Indemnified Parties") against, and hold Indemnified Parties wholly harmless from, any and all claims, actions, suits, proceedings, demands, damages, and liabilities of whatever nature, and all costs and expenses, including without limitation Company's reasonable attorneys' fees and expenses, relating to or in any way arising out of (a) the ordering, delivery, rejection, installation, purchase, leasing, maintenance, possession, use, operation, control or disposition of the Equipment or any portion thereof; (b) any act or omission of Lessee, including but not limited to any loss or damage to or sustained by Company arising out of Lessee's failure to comply with all the terms and conditions of this Lease; (c) any claims for liability in tort with respect to the Equipment, excepting only to the degree such claims are the result of Company's negligent or willful acts. The provisions of this Section 10 will survive termination and expiration of this Lease.

11. **DEFAULT**. The occurrence of any of the following will constitute a "Default" by Lessee: (a) nonpayment by Lessee when due of any amount due and payable under this Lease; (b) failure of Lessee to comply with any provision of this Lease, and failure of Lessee to remedy, cure, or remove such failure within ten (10) days after receipt of written notice thereof from Company; (c) any statement, representation, or warrant of Lessee to Company, at any time, that is untrue as of the date made; (d) Lessee's becoming insolvent or unable to pay its debts as they mature, or Lessee making an assignment for the benefit of creditors, or any proceeding, whether voluntary or involuntary, being instituted by or against Lessee alleging that Lessee is insolvent or unable to pay its debts as they mature; (e) appointment of a receiver, liquidator, trustee, custodian or other similar official for any of the Equipment or for any property in which Lessee has an interest; (f) seizure of any of the Equipment; (g) default by Lessee under the terms of any note, document, agreement or instrument evidencing an obligation of Lessee to Company or to any affiliate of Company, whether now existing or hereafter arising; (h) Lessee taking any action with respect to the liquidation, dissolution, winding up or otherwise discontinuing the conduct of its business; (i) Lessee transferring all or substantially all of its assets to a third party; or (j) the transfer, conveyance, assignment or pledge of a controlling interest or ownership of Lessee to a third party without Company's prior written consent.

12. **OPTION TO ACCELERATE AT WILL**. If at any time Company in good faith believes that the prospect for Lessee's payment or other performance under this Lease is impaired, Company may demand immediate payment of all rents due and scheduled to come due during the remainder of the Lease term. All future rent accelerated under this or any other provision of this Agreement will be discounted to present value, which will be computed at a discount rate of five (5) percent. Failure of Lessee to make full payment within thirty (30) days of its receipt of the demand for accelerated rent will constitute a "Default" by Lessee as defined in Section 11.

13. **REMEDIES**. Upon the occurrence of any Default or at any time thereafter, Company may terminate this Lease as to any or all items of Equipment, may enter Lessee's premises and retake possession of the Equipment at Lessee's expense, and will have all other remedies at law or in equity for breach of the Lease. Lessee acknowledges that in the event of a breach of Sections 4 or 5 or a failure or refusal of Lessee to relinquish possession of the Equipment in breach of this section following termination or Default, Company's damages would be difficult or impossible to ascertain, and Lessee therefore agrees that Company will have the right to an injunction in any court of competent jurisdiction restraining said breach and granting Company the right to immediate possession of the Equipment.

14. **LIQUIDATED DAMAGES**. If Lessee acts in violation of the prohibitions described in Section 3 of this Agreement, or is unable or unwilling to return the Equipment to Company in good working order, normal usage wear and tear excepted, at the expiration or termination of the Lease, Lessee shall pay as liquidated damages the total of: (i) the amount of past-due lease payments, discounted accelerated future lease payments, and the value of Company's residual interest in the Equipment, plus (ii) all tax indemnities associated with the Equipment to which Company would have been entitled if Lessee had fully performed this Lease, plus (iii) costs, interest, and attorneys' fees incurred by Company due to Lessee's violation of Section 3 or its failure to return the Equipment to Company, minus (iv) any proceeds or offset from the release or sale of the Equipment by Company.

15. **OTHER TERMS**. Customer represents and warrants that it complies with all applicable laws and regulations and all appropriate practices with respect to food safety including the storing, preparation and serving of food. Furthermore, Customer acknowledges and agrees to comply with all equipment manufactures' specifications and product dispensing and preparation instructions and specifications. No failure by Company to exercise and no delay in exercising any of Company's rights hereunder will operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or of any other rights. This Lease constitutes the entire agreement of the parties and supersedes all prior oral and written agreements between the parties governing the subject matter of this Lease; provided, however, that if Company and Lessee have entered into an agreement into which this Lease is incorporated, to the extent that any of the terms in this Lease conflict with the terms set forth in that agreement, the terms of the Marketing Agreement will control. No agreement will be effective to amend this Lease unless such agreement is in writing and signed by the party to be charged thereby. Any notices permitted or required by this Lease will be in writing and mailed by certified mail or hand delivered, addressed to the respective addresses of the parties. All claims, actions or suits arising out of the Lease shall be litigated in courts in either the State of Georgia or in the state of Lessee's principal place of business. Each party hereby consents to the jurisdiction of any local, state or federal court located within the State of Georgia and/or the state of Lessee's principal place of business, and designates the Secretary of State of the State as its agent for service of process. THIS LEASE WILL BE GOVERNED BY THE LAWS OF THE STATE OF GEORGIA. Time is of the essence to each and all of the provisions of this Lease.

ATTACHMENT 11

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the "Agreement") is made and entered into this day of ________________ (the "Effective Date"), by and between Food Systems Unlimited, Inc., a Florida corporation with its principal place of business at 750 Florida Central Parkway, Suite 100, Longwood, Florida 32750 (the "Franchisor"), and __________________________, a(n) ________________________________, with its principal place of business located at________________________________ and _______________________‘s principal(s), ________________________________, an individual, residing at ________________________________, and ___________________________, an individual, residing at _____________________________ ("Principal(s)"). ____________________ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Food Systems business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Food Systems brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, "Electronic Advertising and Software") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the "Internet and Software Companies") with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee's interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee's interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Florida, without regard to the application of Florida conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

FOOD SYSTEMS UNLIMITED, INC.
a Florida corporation

By:____

Jennifer Walsh, Vice President of Leasing and Franchising
(Print Name, Title)

FRANCHISEE (Entity):

____

By:____

______________________________, _____________________
(Print Name, Title)

FRANCHISEE (Principal):

____

____
(Print Name)

FRANCHISEE (Principal):

____

____
(Print Name)

EXHIBIT D

FRANCHISEE LIST
(as of December 31, 2024)

ASIAN CHAO FRANCHISES OPEN AND OPERATING

Franchisee Name, Address, Phone	Franchisee Location Address, Phone
FLORIDA	
Yut Choi, Inc. Sunrise, FL 33351 321-229-5527	Boynton Beach Mall 801 N. Congress Avenue Boynton Beach, FL 33426 561-424-0066
Villa Enterprises Management Morristown, NJ 07960 973-695-0911	Orlando International Airport Gates 100-129, Airside 2 Orlando, FL 32827
Teng Xin, LLC Longwood, FL 32750 407-830-5338	Orlando Premium Outlets (I-drive) 4973 International Drive Orlando, FL 32819 321-800-6896
LC I Enterprises Sunrise, FL 33351 321-229-5527	Sawgrass Mills 12801 W. Sunrise Blvd. Sunrise, FL 33323 *2 Locations in this Mall
Abraxas, LLC Longwood, FL 32750 407-951-5511	Indian River Mall 6200 20th Street Vero Beach, FL 32966 772-978-0048
GEORGIA	
F.E. Food Group Atlanta, Inc. Massillon, OH 44646 404-209-0170 Atrium – closed in 2012	Atlanta International Airport Concourse A 8700 Spine Rd Atlanta, GA 30320 404-209-0170
Pang & Hazelton JV, Inc. Navarre, OH 44662 330-323-0960	Atlanta International Airport Concourse B 8700 Spine Rd Atlanta, GA 30320 404-209-0170 *2 locations in this airport
INDIANA	
Oceans 222, LLC Longwood, FL 32750 407-951-5511	Greenwood Park Mall 1251 US Highway 31 Greenwood, IN 46142 317-893-5650
Oceans 222, LLC Longwood, FL 32750 407-951-5511	Castleton Square Mall 6200 E. 82nd St. Indianapolis, IN 46250 317-913-0295
MARYLAND	

Franchisee Name, Address, Phone	Franchisee Location Address, Phone
Karo Jaya, Inc. Waldorf, MD 20603 703-501-0509	St Charles Town Center 11110 Mall Circle Waldorf, MD 20603
NEW JERSEY	
Jie May Corp. Edison, NJ 08817 908-304-4108	Menlo Park Mall 100 Menlo Park Edison, NJ 08837 732-321-9305
Xing Fa, Inc. Ocean, NJ 07712 917-622-6627	Jersey Shore Premium Outlets 1 Premium Outlet Blvd., Unit 899 Tinton Falls, NJ 07753 732-493-4921
AB Bing, Inc. Pottstown, PA 19464 267-393-1745	Hamilton Mall 4403 Black Horse Pike Mays Landing, NJ 08330 609-484-8800
NEW YORK	
Jusiri W. Corp. Edison, NJ 08817 908-304-4108	Jefferson Valley Mall 650 Lee Blvd. Yorktown Heights, NY 10598
OHIO	
L & R Bistro AC, Inc. Chicago, IL 60616 773-814-6688	Summit Mall 3265 W. Market Street Akron, OH 44333 330-865-1120
Oceans 330, LLC Longwood, FL 407-951-5511	Beachwood Place 26300 Cedar Road Beachwood, OH 44122 216-591-0492
Shabel Corporation Winter Park, FL 32792 407-948-26867	Great Lakes Mall 7850 Mentor Avenue, #866 Mentor, OH 44060 440-255-4370
Canterbury Foods, Inc. Poland, OH 44514 330-757-4207	Eastwood Mall 5555 Youngstown-Warren Road Niles, OH 44446 330-652-1200
Canterbury Foods, Inc. Poland, OH 44514 330-757-4207	Southern Park Mall 1401 Market Street Youngstown, OH 44512 330-965-9859
PENNSYLVANIA	
I & I Corporation Eidson, NJ 08817 908-304-4108	Oxford Valley Mall 2300 E. Lincoln HIchway, FC #6 Longhorne, PA 19047 215-752-9610
C.J. Liong Enterprises dba Asian Chao Pottstown, PA 19464 267-393-1745	Philadelphia Premium Outlets 18 Lightcap Rd Pottstown, PA 19464

Franchisee Name, Address, Phone	Franchisee Location Address, Phone
	610-323-5222
TENNESSEE	
Panorama-Nine, LLC. Longwood, FL 32750 407-301-6479	West Town Mall 7600 Kingston Pike Knoxville, TN 37919 865-769-5656
TEXAS	
Chang Qing Corpus Christie, LP McAllen, TX 78501 956-968-8876	Rio Grande Valley Premium Outlets Mercedes, TX 78570

CHAO CAJUN FRANCHISEES OPEN AND OPERATING:

Franchisee Name, Address and Phone	Franchised Location and Phone Number
FLORIDA	
VALE46, LLC Longwood, FL 32750 407-951-5511	Coral Square Mall 9469 W. Atlantic Blvd. Coral Springs, FL 33071 954-509-1050
Rowan Food Management Fort Myers, FL 33901 407-415-0239	Edison Mall 4125 Cleveland Avenue #1120 Fort Myers, FL 33901 239-939-3589

MAKI OF JAPAN FRANCHISEES OPEN AND OPERATING:

Franchisee Name, Address and Phone	Franchised Location and Phone Number
FLORIDA	
Teng Xin, LLC Longwood, FL 32750 407-830-5338	Orlando Premium Outlets (I-drive) 4973 International Drive Orlando, FL 32819 321-800-6896
GEORGIA	
Chai-Pan, LLC Longwood, FL 32750 407-301-6479	Mall of Georgia 3333 Buford Drive, #1076 Buford, GA 30519 678-482-8373 *2 Locations in this Mall
INDIANA	
Oceans 222, LLC Longwood, FL 32750 407-830-5338	Castleton Square Mall 6020 E. 82nd St. Indianapolis, IN 46250 317-578-0598
TENNESSEE	
Li Feng, LLC Longwood, FL 32750 407-951-5511	Opry Mills 441 Opry Mills Drive Nashville, TN 37214 615-800-3944
TEXAS	

Chai-Pan, Inc. 362 Harbour Isle Way Longwood, FL 32750 321-436-1693	Grapevine Mills Mall 3000 Grapevine Mills Parkway Grapevine, TX 76051 972-539-3917

TOBU FRANCHISES OPEN AND OPERATING

Franchisee Name, Address, Phone	Franchisee Location Address, Phone
FLORIDA	
Jessy Food Enterprises, LLC Alamonte Springs, FL 32701 407-415-0239	Alamonte Mall 451 E. Alamonte Springs, FL 32701 407-260-1074
Apollonia Foods, Inc. Poland, OH 44514 317-636-1600	Galleria at Fort Lauderdale 2414 East Sunrise Blvd. Fort Lauderdale, FL 33304 954-537-3373
BTW PB, LLC Poland, OH 44514 317-636-1600	Palm Beach Outlets 1801 Palm Beach Lakes Blvd. West Palm Beach, FL 33401 561-686-2564
Golden Lotus Enterprises, Inc. Sunrise, FL 33351 321-229-5527	Sawgrass Mills 12801 W Sunrise Blvd. Sunrise, FL 33323 (954) 835-1252
INDIANA	
Oceans 317, LLC Longwood, FL 32750 407-951-5511	The Fashion Mall at Keystone 8702 Keystone Crossing VC02 Indianapolis, IN 46240
NORTH CAROLINA	
Hai Cheng, LLC Longwood, FL 32750 407-830-5338	Concord Mills 8111 Concord Mills Blvd. Concord, NC 28027 646-409-0239

CO-BRANDED DOUBLE STORES:

Franchisee Name, Address and Phone	Franchised Location and Phone Number
FLORIDA	
Antonio Schiano Lomoriello Luna 2019, LLC 407-951-5511	Melbourne Square Mall 1700 W. New Haven Ave West Melbourne, FL 32904 321-312-6559
MARYLAND	
Restaurant Corporation Unlimited, Inc. 407-951-5511	Clarksburg Premium Outlets 22705 Clarksburg Road Unit 851 & 852 Clarksburg, MD 20871

LIST OF DEVELOPERS

None.

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(as of December 31, 2024)

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

Franchisee	**FLORIDA** / **Location**
VALE46, LLC[2] Longwood, FL 32750 407-951-5511	Coral Square Mall 9469 W. Atlantic Blvd. Coral Springs, FL 33071 954-509-1050
INDIANA	
Sang Thuan Enterprises, Inc[2] 2109 Southlake Mall FC Merrillville, IN 46410 (219) 736-5675	Southlake Mall 2109 Southlake Mall FC8 Merrillville, IN 46410 (219) 736-5675
T & T Tran II, Inc.[2] 3580 Aloma Avenue, Suite 5 Winter Park, Florida 32792 407-478-8726	Circle Center Mall 49 West Maryland St. Indianapolis, IN 317-917-8908
NEW JERSEY	
Jie May Corp[2] 100 Menlo Park Edison, NJ 08837 908-304-4108	Menlo Park Mall 100 Menlo Park (Maki of Japan) Edison, NJ 08837
MASSACHUETTES	
Burlington Mall[1] 75 Middlesex Turnpike, Unit 2112 Burlington, MA 01803 407-636-0201	Menlo Park Mall 100 Menlo Park (Maki of Japan) Edison, NJ 08837

[1]Outlet was transferred to corporate

[2] Outlet was terminated

EXHIBIT E

TABLE OF CONTENTS OF OPERATIONS MANUAL

TABLE OF CONTENTS OF OPERATIONS MANUAL

EXHIBIT F

STATE SPECIFIC ADDENDA

STATE ADDENDUM TO THE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT FOR THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

   There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article XIX of the Franchise Agreement and Article XV of the Development Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of __________________.

FOOD SYSTEMS UNLIMITED, INC.

By:______________________________________
Name:____________________________________
Title:_____________________________________

FRANCHISEE:

____

ADDENDUM TO THE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Food Systems Unlimited, Inc.'s Franchise Disclosure Document.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Development Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Food Systems Unlimited, Inc.'s Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. The provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Attachment 1 of the Franchise Agreement is amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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.

FRANCHISEE:	FRANCHISOR:
______________________________	FOOD SYSTEMS UNLIMITED, INC.
By:___________________________	By:___________________________
Name:_________________________	Name:_________________________
Title:__________________________	Title:__________________________

PRINCIPALS:

____
Name:_________________________

____
Name:_________________________
____

ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Food Systems Unlimited, Inc.'s Multi-Unit Development Agreement. The amendments to the Multi-Unit Development Agreement included in this addendum have been agreed to by the parties.

1. The provisions in the Multi-Unit Development Agreement which provide for termination upon bankruptcy of the multi-unit developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. The appropriate sections of the Multi-Unit Development Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The appropriate sections of the Multi-Unit Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Attachment 1 of the Multi-Unit Development Agreement is amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _________________.

FOOD SYSTEMS UNLIMITED, INC.

By:_____________________________________
Name:___________________________________
Title:____________________________________

DEVELOPER:

____

ADDENDUM TO THE FOOD SYSTEMS UNLIMITED, INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE’S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN FIVE YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST SIX MONTHS’ ADVANCE NOTICE OF FRANCHISOR’S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN-CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

ADDENDUM TO THE FOOD SYSTEMS UNLIMITED, INC.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT N OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of __________________.

FOOD SYSTEMS UNLIMITED, INC.

By:____________________________________
Name:__________________________________
Title:___________________________________

FRANCHISEE:

____

ADDENDUM TO THE FOOD SYSTEMS UNLIMITED, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Food Systems Unlimited, Inc. 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 and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _________________.

FOOD SYSTEMS UNLIMITED, INC.

By:___________________________________
Name:________________________________
Title:_________________________________

FRANCHISEE:

____

EXHIBIT G

LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, State Capitol 14th floor, Dept. 414, Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT H

UCC-1 FINANCING STATEMENT

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (1a or 1b) – do not abbreviate or combine names

	1a. ORGANIZATION'S NAME					
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID#, if any		☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (2a or 2b) – do not abbreviate or combine names

	2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME		SUFFIX
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any		☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – insert only one secured party name (3a or 3b)

	3a. ORGANIZATION'S NAME				
OR	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION (if applicable) ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debto

8. OPTIONAL FILER REFERENCE DATA

Instructions for UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice. Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use.

When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading Instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, you are encouraged to use either Addendum (Form UCC1Ad) or Additional Party (Form UCCIAP).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor name:** Enter only one Debtor name in item 1, an organization's 2. name (1 a) or an individual's name (1 b). Enter Debtor's exact full legal name. Don't abbreviate.

1a. Organization Debtor. "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.

1 b. Individual Debtor. "Individual" means a natural person; this includes a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., Ill) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.

For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).

1 c. An address is always required for the Debtor named in 1 a or 1 b.

1 d. Reserved for Financing Statements to be filed in North Dakota or South Dakota only. If this Financing Statement is to be filed in North Dakota or South Dakota, the Debtor's taxpayer identification number (tax ID#) __ social security number or employer identification number must be placed in this box.

le,f,g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from tax ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CAl2345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ID #, check box in item 1g indicating "none."

Note: If Debtor is a trust or a trustee acting with respect to property held in trust,8. enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1 b and attach Addendum (Form U CC I Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.

2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names.

3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. To include further additional Secured Parties, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1 AP) and follow Instruction 1 for determining and formatting additional names. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/P's name and address in item 12.

4. Use item 4to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).

5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.

6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15) on Addendum (Form UCC1Ad).

7. This item is optional. Check appropriate box in item Ito request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Officer Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.

8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.

EXHIBIT I

ACKNOWLEDGEMENT STATEMENTS

***Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland**

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____ Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____ Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____ Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement, or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____ Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the Food Systems Unlimited, Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S

HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE FOOD SYSTEMS UNLIMITED, INC. AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

FRANCHISEE:

____

By:___________________________

_____________,_____________
(Print Name, Title)

Date:_________________________

PRINCIPAL:

____

____
(Print Name)

Date: _________________________

PRINCIPAL:

____

____
(Print Name)

Date: _________________________

Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.

DEVELOPER ACKNOWLEDGEMENT STATEMENT

Developer hereby acknowledges the following:

Developer has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing the outlets contemplated hereunder. Developer further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the outlets to be developed hereunder has been made to Developer by Franchisor and Developer hereby waives any claim against Franchisor for any business failure Developer may experience as a developer under this Agreement.

______
Initial

Developer agrees that no claims of success or failure have been made to him or her prior to signing this Agreement and that he/she understands all the terms and conditions of this Agreement. Developer further acknowledges that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally; provided, however, nothing in this Multi-Unit Development Agreement or in any related agreement is intended to disclaim the representations made to Developer in Franchisor's Franchise Disclosure Document.

______
Initial

Developer has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. Developer acknowledges that no representations or warranties are made or implied, except as specifically set forth herein. Developer represents, as an inducement to Franchisor's entry into this Agreement, that Developer has made no misrepresentations in obtaining this Agreement.

______
Initial

Franchisor expressly disclaims the making of, and Developer acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

______
Initial

Developer acknowledges that he/she has received the Food Systems Unlimited, Inc. Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has read such Franchise Disclosure Document and understands its contents.

_____
Initial

Developer acknowledges that he/she has had ample opportunity to consult with his/her own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Developer with respect to this Agreement or the relationship thereby created.

_____
Initial

Developer, together with Developer's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the development rights granted by this Agreement.

_____
Initial

BY EXECUTING THIS AGREEMENT, DEVELOPER, INDIVIDUALLY AND ON BEHALF OF DEVELOPER'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE FOOD SYSTEMS UNLIMITED, INC. AND ITS OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY US IN OUR FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY YOU.

_____
Initial

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
Maryland	September 16, 2025

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 J

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Food Systems Unlimited, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise 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.

If Food Systems Unlimited, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit I.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Jennifer Walsh 750 Florida Central Parkway Suite 100 Longwood, Florida 32750 (407) 830-5338

Issuance Date: May 15, 2025

I received a Disclosure Document dated May 15, 2025, that included the following Exhibits:

EXHIBIT A:	Financial Statements
EXHIBIT B:	Development Agreement
EXHIBIT C:	Franchise Agreement with Attachments
EXHIBIT D:	Franchised Outlets
EXHIBIT E:	Operations Manual Table of Contents
EXHIBIT F:	State Addenda
EXHIBIT G:	List of State Franchise Administrators and Agents for Service of Process
EXHIBIT H:	UCC-1 Financing Statement
EXHIBIT I:	Franchisee Acknowledgement Statement State Effective Dates Page
EXHIBIT J:	Receipt

Date Received: ______________________
(If other than date signed)

DATE:____

Print Name:___________________________________

Print Address: _________________________________

City, State: ______________________________

____
(Signature of recipient)

Please return signed receipt to Food Systems Unlimited, Inc.
750 Florida Central Parkway, Suite 100,
Longwood, Florida 32750

RECEIPT

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EXHIBIT H:	UCC-1 Financing Statement
EXHIBIT I:	Franchisee Acknowledgement Statement
	State Effective Dates Page
EXHIBIT J:	Receipt

Date Received: ______________________
(If other than date signed)

DATE:____

Print Name:___________________________________

Print Address: _________________________________

City, State: ______________________________

____
(Signature of recipient)

KEEP FOR YOUR RECORDS.