FRANCHISE DISCLOSURE DOCUMENT

eggspectation

Eggspectation Restaurants, LLC
a Maryland limited liability company
8600 La Salle Road, Suite 615
Towson, Maryland 21286
855-331-EGGS (3447)
Website: www.eggspectation.com
Email: info@eggspectation.com

The franchise offered is for an upscale casual full service restaurant serving all day "breakfast" style food, specializing in gourmet-style egg dishes, for breakfast and brunch, a full menu for lunch and dinner, and a full-service bar.

The total investment necessary to begin operation of an Eggspectation franchise is from $1,260,000 to $1,785,000. This includes $50,000 that must be paid to the franchisor or affiliate for a single Restaurant. If you enter into an Area Development Agreement to develop more than one Restaurant, You will pay a development fee equal to $25,000 multiplied by the number of Restaurants to be developed under the Area Development Agreement. You will also pay a franchise fee equal to $50,000 for each Restaurant to be developed under the Area Development Agreement. We will credit $25,000 of the development fee you pay against the franchise fee due for each Restaurant.

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

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, D.C. 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 31, 2018

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISAGREEMENTS BE SUBMITTED TO ARBITRATION IN BALTIMORE, MARYLAND. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN MARYLAND THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT MARYLAND LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR SPOUSE MUST PERSONALLY GUARANTY THE FRANCHISEE'S OBLIGATIONS UNDER THE AGREEMENT, MAKING YOU AND YOUR SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THOSE OBLIGATIONS AND PLACING YOUR SPOUSE'S PERSONAL ASSETS AT RISK.

4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $1,260,000 TO $1,785,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017, WHICH IS $716,487.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The Effective Date for this Disclosure Document is the date listed on the following page for your state.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents 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.

The Franchise Disclosure Document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	
Maryland (exemption filing)	November 16, 2017
Virginia	Pending

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of May 31, 2018.

EGGSPECTATION RESTAURANTS, LLC

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

Franchisor

Eggspectation Restaurants, LLC is a Maryland limited liability company that was formed on February 26, 2014, and is referred to in this Disclosure Document as "We," "Us," or "Our"). In this Disclosure Document, We refer to the person or entity that will be signing the Franchise Agreement (defined below) as the franchisee, "You" or "Your". Our principal place of business in the United States is 8600 La Salle Road, Suite 615, Towson, Maryland 21286; however, our Manager and other executives do business from 7960 rue St. Denis, 2nd floor, Montreal, Quebec H2R 2G1 Canada. We do business under Our corporate name and the trademark Eggspectation®. We own the right to use and license others to use the trademark Eggspectation®, the design trademarks described in this document and our proprietary recipes and business methods associated with those trademarks (the "Eggspectation IP") in the United States. Our agents for service of process are listed in Exhibit I. of this Disclosure Document, We refer to the person or entity that will be signing the Franchise Agreement (defined below) as the franchisee, "You" or "Your".

Our Business Activities

We have two franchises operating in Maryland, three in Virginia and one in Texas. We have offered franchises for the type of business system offered through this document since September 2016, and our predecessor offered franchises in parts of the United States from 2006 until 2014. We have not offered or granted franchises in any other line of business. We also manage the operations of the Eggspectation restaurant in Owings Mills, Maryland, of which our parent Eggspectation Corporation owns a controlling interest.

Description of Franchise

We offer franchises for the right to establish and operate "**Eggspectation**" upscale casual Restaurants in various parts of the United States of America only. We do not and have never offered franchises for any other type of business. As described below, our affiliates offer such franchises for operation in other countries around the world, on terms that vary from those disclosed in this document. Eggspectation restaurants began operating in Montreal, Quebec in the 1990's and operated in various parts of the world since as described below.

The Restaurants ("Restaurant" or "Franchised Business") will operate under the Marks and a comprehensive and unique system (the "System") in accordance with the terms of the Franchise Agreement. Each Restaurant will offer a full menu of "breakfast" style food, specializing in gourmet-style egg dishes, as well as a full menu for lunch and dinner and a full-service bar, with food items prepared in accordance with Our proprietary recipes and ingredients. The Restaurants typically range in size from 4,000 to 6,000 square feet and are located in strip shopping centers, stand-alone buildings, urban or suburban office buildings, hotels, and mixed use complexes. The Restaurants operate under the service mark **"Eggspectation"** and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified with us. These principal marks and all other marks which may be designated by Us in the future in writing for use with our restaurant operating system are referred to in this Disclosure Document as the "Marks".

We offer a standard Area Development Agreement that provides limited exclusivity in a defined geographic area (the development "Territory") for you to develop three or more Restaurants. This agreement is attached to this document as Exhibit "B". Under the Area Development Agreement, you will be granted the right (and you will assume the responsibility) to develop and open a specified number of Restaurants in a geographically defined Territory. The Area Development Agreement also will state the schedule, by date, pursuant to which the Restaurants must be developed, opened and operating (the "Development Schedule") in its Schedule A, which is an important part of the Area Development Agreement. Under the Area Development Agreement, you will be required to sign the then-current form of Franchise Agreement as additional Restaurants are opened. We also offer franchises for a single Restaurant within a smaller protected territory, pursuant to our standard Franchise Agreement that is attached to this document as its "Exhibit C".

Predecessors, Parents and Affiliates

We were formed as Eggs Merger, LLC and known by that name until August 11, 2014, when we merged with another Maryland limited liability company called Eggspectation Restaurants, LLC ("Old Eggs") and assumed its company name as well of all of its assets and liabilities. Our predecessor Old Eggs was formed in 2004 and, until merging with us, owned the Eggspectation IP rights in the United States and other parts of the world. Our predecessor offered Eggspectation franchises from 2006 until 2014, and did not offer franchises for any other type of business.

Our parent is Eggspectation Corporation, a Maryland corporation which also has a principal business address in the United States located at 8600 La Salle Road, Suite 615, Towson, Maryland 21286. In addition to owning us, Eggspectation Corporation owns a controlling interest in Eggspectation Owings Mills, LLC, which operates an Eggspectation restaurant in Owings Mills, Maryland. Our parent does not offer franchises for any type of business.

Eggspectation Corporation's parent is 898 3984 Canada, Inc. a Canadian federal corporation ("Eggs USA"). In addition to indirectly owning us, Eggs USA is the master franchisor for Eggspectation restaurants opening in the United Arab Emirates ("UAE"), the first of which opened in Dubai, UAE during 2014. It does not offer franchises for any other type of business.

We have five affiliates that are required to be disclosed in this Disclosure Document – 9219 3721 Quebec Inc. dba Eggspectation Quebec; 7278195 Canada, Inc. a/k/a Eggspectation Canada; Eggspectation Canada Inc. d/b/a Eggspectation India; 401 6726 Canada, Inc. d/b/a Professio Caffé; and 840 0113 Canada, Inc. d/b/a Eggspectation Middle East. The business address of these companies is 7960 rue St. Denis, 2nd floor, Montreal, Quebec H2R 2G1, Canada.

Eggspectation Quebec is a Quebec corporation, and the other corporations are each are organized under the federal laws of Canada. Eggspectation Quebec has been the franchisor for the nine (9) Eggspectation restaurants operating in the Province of Quebec since 2010. Eggspectation Canada is the franchisor for two (2) locations that are operating in Ontario, offered franchises in the rest of Canada outside of Quebec since 2009, and also provides certain management services to us from the Montreal address identified above. Eggspectation India owns the franchising rights for India and has franchise agreements for three (3) locations operating in India. None of these corporations has ever offered franchises in any other line of business.

Professio Caffé ("Professio") is an indirect supplier of dry coffee goods for Eggspectation® restaurants. Professio has never offered franchises in any line of business.

Eggspectation Middle East is the franchisor of locations in the United Arab Emirates, of which there is one current restaurant in Dubai. It also owns a large minority interest with substantial control rights in Eggspectation International DMCC, a corporation incorporated under the laws of the United Arab Emirates which is the owner of the Marks and the System for use in various countries in southwestern Asia (or the "Middle East") and in northern Africa (collectively, "MENA") and holds an exclusive license for development of the Eggspectation concept throughout the work except for Canada, the United States, Mexico and MENA. Eggspectation International DMCC maintains its principal place of business at Restaurant No. 1406, Jumeirah Beach Residence, Dubai, United Arab Emirates, and it currently is the franchisor for two (2) Restaurants located in the country of Qatar on the Arabian Peninsula. Neither of these corporations has ever offered franchises in any other line of business.

The market for the food products and services offered by the Restaurants is developed and highly competitive, as is the market for obtaining locations for the Restaurants. You may have to compete with numerous other restaurants offering a wide range of food items in a wide variety of service formats. However, we believe that our breakfast-style format and the food and beverage products offered by the Restaurants enhance our competitive position.

Industry Regulations

In addition to the laws and regulations applicable to businesses generally, You should consider the federal, state and local laws, rules and ordinances related to the method of food preparation and sanitation conditions applicable to businesses in the restaurant and food service industry.

ITEM 2
BUSINESS EXPERIENCE

Castrenze "Enzo" Renda, Chief Executive Officer and Director

Mr. Renda has served as our Chief Executive Officer and a Director since our founding in 2014, and served in the same role for our predecessor from 2005 until it merged into us in 2014. He has been the President of Eggs Canada, Eggs Quebec and their predecessors in interest since 1998.

***Dimitrios "James" Bagiotas*, CA-CPA**, Director

Mr. Bagiotas has been one of our Directors since our founding in 2014, and served as a Director of our predecessor from December 2012 until it merged into us in 2014. He has been a Director and Treasurer of Eggs Canada and Eggs Quebec since 2012. Mr. Bagiotas has been provided services in his own name as a Canadian chartered accountant from Montreal, Quebec, Canada since June 1999.

Pradeep Anand, Controller and Vice President of Administration

Pradeep Anand has been the Controller and Vice President of Administration for us, our predecessor and our affiliate Canadian corporations since November 1999. He provides services to us as an employee of Eggspectation Canada, under its Management Agreement with us. Mr. Anand was one of our Directors from our founding in 2014 until September 2016.

David Levitt, Director of Operations

David Levitt has been our Director of Operations since August 2017, working from Owings Mills, Maryland. He was the Manager of Stone's Cove KitBar in Owings Mills, Maryland from October 2016 until August 2017. Mr. Levitt was the Manager of Glory Days Grill in Eldersburg, Maryland from October 2014 until October 2016. He was the owner and operator of Delmarva's Southern Café in Baltimore, Maryland from August 2011 until March 2014.

John Fernandes, Corporate Chef

John Fernandes has been our Corporate Chef since January 2018, and he has been the Kitchen Manager for the Eggspectation restaurant in Owings Mills, Maryland since February 2016. Mr. Fernandes was the Chef of Martha & Mary's in Reisterstown, Maryland from January 2013 until December 2015, and he was the Manager of Bombay Grill in Baltimore, Maryland from May 2001 until December 2012.

ITEM 3
LITIGATION

Jimmy Skindilias Family Trust, et al. v. Castrenze "Enzo" Renda, et al., Case No. 500-11-051831-168 (Superior Court, Commercial Division, District of Montreal, Quebec). On December 22, 2016 our former Chief Operating Officer filed an action against our officers and directors Mr. Renda, James Bagiotas, Pradeep Anand; our affiliates Eggspectation India, Eggspectation Middle East and Professio; and certain other shareholders and corporations. The Skindilias Trust alleges oppressive conduct and breach of fiduciary duties by Messrs. Renda, Bagiotas and Anand, seeks dissolution of the subject corporate entities, and alleges damages of $2,000,000 Canadian dollars (approximately $1,485,000 USD), plus entitlement to interest and attorneys' fees. The defendants deny any need for dissolution or liquidation of the corporations and the allegations that Messrs. Renda, Bagiotas and Anand have acted oppressively or breached fiduciary duties to minority shareholder Jimmy Skindilias Family Trust.

Castrenze Renda v. Dimitrios James Bagiotas, et al., Case No. 500-11-054379-181 (Superior Court, Commercial Division, District of Montreal, Quebec). On April 4, 2018, our CEO and Director Castrenze Renda filed an Originating Application for Oppression Remedies against Mr. Bagiotas, our other Director, and a corporation that he solely owns, alleging that Mr. Bagiotas and his holding company have engaged in oppressive conduct and breach of fiduciary duties with regard to 6 Canadian Business Corporations that collectively control the operations of Eggspectation restaurants in Canada, including 7278195 Canada, Inc. a/k/a Eggspectation Canada, which provides management services to us. Mr. Renda's allegations include that Mr. Bagiotas has falsely claimed that his holding company owns a majority of the shares in the corporations at issue. Mr. Bagiotas denies Mr. Renda's allegations.

No other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Our CEO, Castrenze Renda, filed for a Consumer Proposal pursuant to the Bankruptcy and Insolvency Act of Canada on the 19th of December, 2012. The action was filed in Montreal and is pending as Case No.500-11-044036-131. This filing was necessary because Mr. Renda inadvertently provided a personal guarantee on a lease, the tenant under that lease (a company not controlled by Mr. Renda) stopped paying rent, and so Mr. Renda was sued along with the tenant. The case was concluded and matter was discharged on May 14, 2015. This matter has no bearing on our ability to satisfy our obligations, and was undertaken by Mr. Renda to resolve personal debts, separate and apart from all of our and our affiliates' franchising operations. The personal guarantee dispute was resolved outside of the Consumer Proposal.

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

ITEM 5
INITIAL FEES

Initial Franchise Fee and Development Fee: You must pay us an initial franchise fee of $50,000 for the right to establish a Restaurant under a Franchise Agreement, payable upon execution of the Franchise Agreement.

If you choose to enter into an Area Development Agreement to develop more than one franchise Restaurant, you must pay us a Development Fee equal to $25,000 multiplied by the number of Restaurants that you agree to open under the terms of the Area Development Agreement. We charge an initial franchise fee of $50,000 for each Restaurant to be developed under the terms of the Area Development Agreement. We will credit $25,000 of the development fee you pay against the initial franchise fees due for each Restaurant when you sign each Franchise Agreement.

Except as described below, the basis for calculating the development fee will be the same for all franchisees entering into Area Development Agreements under this offering; however, the actual dollar amount paid may vary depending on the number of Restaurants You commit to develop. The initial franchise fee is the same for all franchisees under this offering.

Unless otherwise provided in this Disclosure Document, the initial franchise fees and any development fees are not refundable under any circumstances.

We may waive all or part of the development fee and initial franchise fee for our employees (including employees of our affiliates) who meet our requirements to establish and operate a Restaurant. In certain circumstances, we also may discount the initial franchise fee for existing franchisees that wish to open additional Restaurants but are not under an Area Development Agreement.

Initial Training Fee: We do not charge a fee for the initial training of your first Operating Principal and first General Manager (as those terms are defined in the Franchise Agreement) at an Eggspectation Restaurant designated by us. At Your request, and subject to space availability, we will provide initial training to additional personnel of yours, but we charge a fee for that additional initial training. Our current initial training fee for additional personnel is $2,500 per person to be trained, plus the transportation, lodging and miscellaneous out-of-pocket expenses of our personnel who perform the training. This fee represents our cost of providing the training, including our administrative costs of making personnel available for training purposes, and the cost of materials. You must pay the initial training fee for the additional personnel before training begins, and the initial training fee is non-refundable. The initial training fee is charged uniformly to all franchisees under this Disclosure Document, although actual dollar amounts may vary depending on how many additional persons are trained.

Site Evaluation Fee: We will provide up to two on-site evaluations of proposed sites for a Restaurant at no charge; provided We have the right to require You to reimburse Us for Our expenses incurred (such as the cost of travel, lodging and meals). If the Franchise Agreement does not relate to your first Restaurant, We reserve the right to charge a reasonable fee for any on-site evaluation as described below. If we determine that additional on-site evaluations are necessary, or you reasonably request additional on-site evaluations, you must pay us a fee for the evaluation and must reimburse us for all of our expenses (such as the cost of travel, lodging, and meals) incurred in performing the evaluation. Our current site evaluation fee is $1,500, which must be paid, along with our reimbursable expenses, within 15 days after we bill you. This fee is charged uniformly to all franchisees under this Disclosure Document, although the actual dollar amounts paid may vary depending on the number of site evaluations and the expenses we incur in performing the services. Site evaluation fees and expenses are non-refundable.

Pre-opening and Opening Assistance: We provide on-site pre-opening and opening assistance for two (2) weeks immediately preceding and one (1) week immediately following the Opening Date for up to your first two Restaurants. There is no fee for this assistance and we will pay our expenses in providing the pre-opening and opening assistance. However, for Area Developers We will provide this assistance without additional charge only for the first two Restaurants developed by You, and for all subsequent Restaurants We will determine if continued support is necessary, and if so, provide it at our then-current per diem rate, plus Our expenses.

Any additional assistance you request is billed at the then-current per diem rate, plus our expenses. Our current fee is $250 per day for each person providing assistance.

ITEM 6
OTHER FEES

Fees (1)	Amount	Due Date	Remarks
Royalty Fee (2)	5% of Aggregate Sales	Weekly, on Tuesday	Amounts due will be withdrawn by EFT from Your designated bank account.
Advertising and Marketing Fund	2% of Aggregate Sales	Weekly, on Tuesday	
Local Advertising	1% of Aggregate Sales	Monthly - as incurred by You	Your required expenditures for Local Advertising may be allocated by Us to the Advertising Fund.
Cooperative Advertising (3)	If an Advertising Cooperative is established for your Territory, the initial contribution is 1% of Aggregate Sales; may be increased up to 2% of Aggregate Sales	As determined by Cooperative	Your Cooperative contribution may be allocated by Us to the Advertising Fund. Your Cooperative contribution shall be applied toward satisfaction of Your Local Advertising requirement. We will not require the aggregate total advertising contributions or payments by Franchisee with respect to any calendar year (whether in the form of Advertising Fees, Cooperative Fees and/or Local Advertising expenditures) to exceed 4% of Franchisee's Aggregate Sales.
Advertising & Promotional Materials	Varies, depending on Your advertising needs	When billed	See Items 7 and 11.
Interest	18% or highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts.
Initial Training of Additional, Replacement and Successor Personnel	You must pay the current fee being charged to franchisees generally for such training, plus expenses. The current initial training fee is $2,500.	The initial training fee is payable before initial training; expenses are payable when billed	No training fee for initial training for the first General Manager and first Operating Principal

Fees (1)	Amount	Due Date	Remarks
Pre-Opening and Opening Assistance	In the case of Area Developers, for the third and all subsequent Restaurants developed by You, we will determine if continued support is necessary, and if so, provide it at our then-current per diem fee plus Our expenses. Our current per diem fee is $250 per trainer.	When billed	We provide on-site pre-opening and opening assistance for two (2) weeks immediately preceding and one (1) week immediately following the Opening Date for up to Your first two Restaurants at no charge. Any additional assistance You request or we deem necessary is billed at the current per diem rate, plus Our expenses.
Additional or Remedial Training	You must pay the current per diem fee being charged to franchisees generally for such training, plus expenses. The current per diem training fee for additional or remedial training is $250 per trainer.	Per diem fee is payable before additional training; expenses are payable when billed	We reserve the right to charge a fee for additional or remedial training. You are responsible for all of your staff members' expenses (such as the cost of travel, lodging and meals) if such training is held in a location away from your Restaurant (such as in Maryland), or the out of pocket costs of our staff to provide additional training at your Restaurant.
Failed Inspection Fee	If your Restaurant scores at 70% or below on an inspection of your compliance with our standards, then you must reimburse us for our costs in making the inspection.	Within 15 days of providing inspection report	Our costs include our then-current per diem fee, which currently is $250 per day, plus expenses of travel incurred by our representative to conduct the inspection.
Prohibited Item Fee	$100 per day for each day that you offer or sell any food or beverage items or other products that we have not approved for your Restaurant, with the minimum such fee being $1,000.	Within 15 days of invoice	All menu items and product offerings must be approved by us in advance. This fee is applicable separately for each unapproved product.

Fees (1)	Amount	Due Date	Remarks
Transfer Fee	25% of the initial franchise fee then being charged to franchisees, or such greater amount as is necessary to reimburse Us for Our costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees	Submitted with transfer application	No fee charged to a franchisee that requests consent to Transfer an interest to an entity controlled by the same interest holders. The transfer fee under the Area Development Agreement is Fifteen Thousand Dollars ($15,000).
Public Offering	$25,000 or such greater amount as is necessary to reimburse Us for Our reasonable costs and expenses in reviewing the proposed offering, including, without limitation, legal and accounting fees	When billed	This covers Our cost to review the proposed offering of Your securities. The offering fee is the same amount under both the Franchise Agreement and the Area Development Agreement.
Renewal Fee	50% of then-current Initial Franchise Fee being charged to franchisees	On signing renewal franchise agreement	You must give Us not less than twelve (12) months nor more than eighteen (18) months' notice prior to the end of the initial term or first renewal term, as applicable; remodel to current standards; sign then-current form of franchise agreement; satisfy all monetary obligations to Us; and sign a general release (see Exhibit F).
Support Fee	$2,000 per week, plus Our out-of-pocket expenses (e.g., travel, lodging)	Fee is due on Tuesday of each week we provide the support Expense reimbursement must be paid 15 days after billing	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.

Fees (1)	Amount	Due Date	Remarks
Site Evaluation	Current site evaluation fee is $1,500 per visit, plus expenses	15 days after billing	We provide two on-site evaluations without charge (except for reimbursement for Our expenses) for franchisee's first Restaurant. Additional site evaluations for subsequent Restaurants developed by You or Your affiliates will be subject to the then current site evaluation fee, plus expenses (see Items 5 & 11).
Inspection and Testing	Cost of inspection or testing	When billed	We require You to pay Us or an independent laboratory for the cost of inspection or testing if You purchase or lease items used in the Restaurant from sources We have not previously approved
Point-of-Sale System Fees (4)	Our actual, out-of-pocket cost, estimated at $200, to initiate access through Our monitoring software, plus our actual out-of-pocket cost for updating such access	When billed	We may implement this program in the future, and if so You must pay in order to initiate Our access to Your systems so that We may gather transactional information on a daily basis concerning the operation of the Restaurant via electronic polling.
Audit Fee	Cost of audit	When billed	Payable only if We find, after an audit, that You have understated any amount You owe to Us by more than 2%.
Late Payment or Reporting Fee	$100 per day You are late, plus 18% per annum or highest amount permitted by law, whichever is less	Daily	If You fail to pay royalties when due or fail to submit royalty reports weekly as required, We may charge You $100 per day, plus interest, until the payment or report is received.
Manual Replacement Fee	$500 per copy	When billed	If You request additional or replacement copies of the Manual

Notes:

(1) All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the dollar amounts given (but not percentage (%) rates) may be subject to increases based on changes in market conditions, the cost of providing services and future policy changes. While dollar-amount fees will be uniformly imposed, other Eggspectation franchisees will pay fees at different percentage rates depending on when they sign their franchise agreement with us.

(2) "**Aggregate Sales**" means total weekly gross sales, less the monthly dollar value of complimentary meals and beverages, including, without limitation, those provided for house errors, employees, management, other Eggspectation Restaurants, liquor, school promotion, and advertising and promotional programs (collectively, "**Comps**"); provided, however, that the total amount of the reduction for Comps for any calendar month may not exceed three percent (3%) of the dollar amount of total Aggregate Sales, net of sales taxes, for that month. Upon the redemption of any gift card/gift certificate, you shall include the entire amount of the gift card/gift certificate redeemed in Aggregate Sales for purposes of determining the royalties to be paid. All Royalty Reports must demonstrate Franchisee's calculation of Aggregate Sales. Aggregate Sales expressly excludes the following:

(a) 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, provided that the taxes are actually transmitted to the appropriate taxing authority; and

(b) Proceeds from isolated sales of trade fixtures not constituting any part of Your products and services offered for resale at the Restaurant not 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 Aggregate 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 Tuesday based on Aggregate Sales from the preceding weekly accounting period (see Section 4.3 of the Franchise Agreement), unless We require otherwise. You are required at all times to maintain a minimum of $25,000 in your designated bank account for the Restaurant.

If the Royalty Report has not been received within the time period required under the Franchise Agreement, We may, at Our option, process an EFT for the royalty based on (i) information regarding Franchisee's Aggregate Sales for the preceding weekly accounting period obtained by Us from your point of sales system, or (ii) the most recent Royalty Report provided to Us by You. If the actual amount of the Royalty Fee due was more than the amount of the EFT received by us, then we may immediately withdraw additional funds through EFT from Your designated bank account for the difference. If the actual amount of the Royalty Fee due was less than the amount of the EFT received by us, then we must, at our option, return the excess amount to you or credit the excess amount to the payment of your future royalty obligations.

(3) Cooperatives, if and when formed, will be comprised of all franchised Restaurants and Restaurants owned by our affiliates located in designated geographic areas. No cooperatives have been established as of the date of this Disclosure Document.

(4) We may, in the future, utilize certain software and systems to permit us to gather transactional information on a daily basis concerning the operation of the Restaurant via electronic polling, although we do not do so currently. (See Items 7 and 11).

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Expenditure (1)	Estimated Amount (Low)	Estimated Amount (High)	Method of Payment	When Payable	To Whom Paid
Initial Franchise Fee (2)	$50,000	$50,000	By check or wire transfer	On signing Franchise Agreement	Us
Leasehold Improvements (3)	$600,000	$900,000	As Invoiced	As Arranged	Independent Contractors
Lease Payments and other rental expenses (4)	Variable	Variable	Per Lease	Monthly	Landlord
Kitchen Equipment (5)	$200,000	$250,000	As Invoiced	As Arranged	Designated Vendors
Furniture, Fixtures and Furnishings (6)	$150,000	$200,000	As Invoiced	As Arranged	Designated Vendors
Signage & Lighting (7)	$50,000	$75,000	As Invoiced	As Arranged	Designated Vendors
Initial Inventory (8)	$25,000	$30,000	As Invoiced	As Arranged	Designated Vendors
Architectural/ Engineering (9)	$50,000	$60,000	As Invoiced	As Arranged	Designated Vendor
POS and Computer Equipment (10)	$25,000	$40,000	As Invoiced	Lump Sum	Designated Vendor
Travel, lodging and meals for training (11)	$10,000	$20,000	As Incurred	As Incurred	Independent Suppliers
Business/ Office Supplies (12)	$2,500	$5,000	As Invoiced	Lump Sum	Us or Independent Suppliers
Business licenses, permits, etc. (for first year) (13)	$7,500	$10,000	As Incurred	As Arranged	Various Agencies
Insurance deposits and premiums (for first year) (14)	$10,000	$20,000	As Invoiced	As Arranged	Independent Carrier
Grand Opening Advertising	$10,000	$15,000	As Arranged	As Arranged	Advertising Agencies or Suppliers
Professional Fees	$10,000	$20,000	As Arranged	As Arranged	Independent Contractors
Other Fees (utility hookup; seat fees)	$10,000	$15,000	As Arranged	As Arranged	Utilities; local governments

Expenditure (1)	Estimated Amount (Low)	Estimated Amount (High)	Method of Payment	When Payable	To Whom Paid
Additional Funds – Three Months (15)	$50,000	$75,000	As Incurred	As Arranged	Various
TOTAL	**$1,260,000**	**$1,785,000**			

Notes:

(1) Except as otherwise stated, all costs listed in the Item 7 table above are nonrefundable.

(2) You must pay us an initial franchise fee of $50,000 for the right to establish a Restaurant under a Franchise Agreement or an Area Development Agreement. The initial franchise fee is non-refundable under the terms of the Franchise Agreement and the Area Development Agreement. We did not list the $25,000 development fee separately in the table above because we will credit any development fee you pay against the initial franchise fee due for each Restaurant you develop under an Area Development Agreement.

(3) The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on market conditions and geographic location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish out the Restaurant and the cost of leasehold improvements. These figures are our best estimate based on remodeling/finish-out rates and conditions with respect to Eggspectation Restaurants currently operating in the States of Maryland and Virginia, including one that we recently developed in Owings Mills, Maryland. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord and allocated to You over the term of the lease, and may be lower if we approve you to retrofit an existing building for your Restaurant or if your landlord funds any portion of the improvements for your premises.

(4) We estimate that you will require approximately 4,000 to 6,000 square feet of floor space for an Eggspectation Restaurant in a strip shopping center, stand-alone building, regional shopping mall, urban office building, hotel or mixed use complex. The actual amount you pay under the lease will vary substantially based on the prevailing rental rates in the geographic region, the type of location, the amount of square footage, the types of charges that are allocated to tenants under the lease, and your ability to negotiate with landlords.

(5) You must purchase certain equipment meeting our specifications to be used in the kitchen and food preparation areas, including ovens, stoves, prep stations, refrigeration units, storage units and other items such as small wares. We have established relationships with equipment vendors for certain equipment used in the Restaurant that meet our specifications.

(6) These amounts represent your costs for furnishing the "front of the house" of the Restaurant and includes millwork for the bar and seating booths, tables, chairs and benches, and patio furniture, as well as items such as televisions, sound systems, and pagers for customers who are waiting to be seated.

(7) These amounts represent your cost for murals, logos and outdoor signage and descriptive signs, awnings and specifically designated lighting. Your Landlord may have different restrictions it places on interior and exterior signage, which may affect your costs.

(8) These amounts represent your initial inventory of food supplies, beverages, and liquor and paper goods for use in the first month of operating the Restaurant.

(9) These fees are estimates of your costs in obtaining any architectural and design services necessary for the construction of the Restaurant. This includes amounts that you would pay to Andres Escobar & Associates for interior design services. You must adapt our prototypical plans and specifications for the construction of the Restaurant.

(10) You must obtain and use in the Restaurant an electronic point of sale payment system approved by us from a vendor that we approve. Typically, you will use five terminals and remote printers per Restaurant. We have the right to poll and monitor your system at our discretion. You must pay the cost for us to initiate access to your system through our monitoring software. We estimate the cost to range from $100 to $200 per Restaurant. The cost estimate provided in this Item 7 is based on a quote for a hardware system meeting our standards and including NCR Aloha point-of-sale terminals, as well as an office computer and wiring the Restaurant with secure telecommunications cable. Your costs may vary from this estimate if you choose a different brand or vendor.

(11) We provide initial training of up to six (6) weeks to your Restaurant's General Manager and Kitchen Manager at no charge. These estimates include only your out-of-pocket costs associated with the training of your first General Manager and Kitchen Manager (including travel, lodging, and meals). This estimate does not include a salary for the trainees, and does not include any fees or expenses for training any other personnel. These costs will vary depending on the number of persons trained, your selection of lodging and dining facilities, and mode and distance of transportation.

(12) You must purchase business cards, brochures and other written materials for use in the 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.

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

(14) These figures are estimates of the cost of the annual premiums for the insurance.

(15) These amounts are Our estimate of the amount needed to cover Your expenses for the start-up phase of Your business including: two months' lease payments; the cost of three months' advertising and promotional expenditures; three months' payroll for a manager, assistant managers and hourly employees; inventory for two months; utilities and telephone service for three months, and other costs. We estimated the start-up phase to be three months from the date the Restaurant opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the Restaurant. Your actual costs may vary and will depend on factors such as your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. 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.

In addition to the costs described above, if you enter into an Area Development Agreement with us the following additional estimated initial investment is required:

Expenditure	Estimated Amount	Method of Payment	When Payable	To Whom Paid
Development Fee(1), (2)	$25,000 for each Restaurant to be developed	By check or wire transfer of immediately available funds	On signing Area Development Agreement	Us

(1) If you enter into an Area Development Agreement to develop more than one franchise Restaurant, You must pay a development fee at the time you sign the Area Development Agreement equal to $25,000 multiplied by the number of Restaurants to be developed under the terms of the Area Development Agreement. We will credit $25,000 of the development fee you pay against the initial franchise fees due for each Restaurant when you sign each Franchise Agreement.

(2) Actual start-up costs pertaining to the actual Restaurants opened under the Area Development Agreement are as estimated in the first table in this Item 7, subject to potential increases over time or other changes in circumstances. If you execute an Area Development Agreement, Your professional fees, such as legal, accounting, and other fees may be higher; however, we cannot provide you with a specific estimate for these additional costs because we have not recently worked with any franchisees who have signed development agreements.

We relied on our more than twelve (12) years of experience in supervising the opening of Eggspectation restaurants in the United States, as well as our affiliates' experiences in Canada and elsewhere in the world, when compiling the estimates in this Item 7.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Other Acquisitions

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 of which must conform to the standards and specifications in Our operating manuals or otherwise approved by Us (or our designated store designer) in writing. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items unless required or approved in the Manuals or otherwise approved by Us in writing. 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 and prohibits the lessor from imposing an assignment fee or related fee on assignment.

To ensure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manuals or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies, paper goods and other items 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 not deviate from these standards and specifications by the use or offer of non-conforming items or differing amounts of any items without first obtaining our written consent. You must sell and offer for sale only those menu items, products and services that we have expressly approved for sale in writing. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice of any changes in the Manuals or other written materials.

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

Required and Approved Suppliers, Products and Services

At this time you must purchase the following items from a single source that we have designated: breakfast potatoes and baseball caps and uniforms that contain our logo. However, we may require you in the future to purchase other types of critical food ingredients from a single source on a "private label" basis, and also require you to purchase other types of branded supplies or promotional products from us or a sole designated source. We may change our Approved Suppliers for required purchased for your Restaurant from time to time as we reasonably deem appropriate using our business judgment. The primary purpose of such arrangements is to ensure consistent quality of service and brand image, and with regard to such designated product sources you must pay shipping and handling charges, a reasonable mark-up by the supplier and an amount to compensate Us for Our administrative overhead in connection with these arrangements., You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including electronic cash registers, computer hardware and software), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to Our continuing reasonable satisfaction, the ability to meet Our then-current standards and specifications. This restriction does not apply to delivery vehicles that you may use in the operation of the Restaurant.

Our affiliate, 401 6726 Canada, Inc. d/b/a Professio Caffé ("Professio"), is an approved supplier of coffee to our franchisees through the third party food distributor Sysco, and during 2016 sold approximately $25,000 in coffee to one of our franchisees through Sysco. In addition, the supplier of coffee to certain other U.S. franchisees paid us $598.69 in rebates during 2016. A supplier of hamburger meet to certain U.S. restaurants paid us $495.60 in rebates during 2016.

You must use our designated interior design firm, Curry Architects, Inc. ("Curry"), https://curryarchitects.com/, for the interior design and construction of the Restaurant, including the implementation and adaptation of the distinctive Trade Dress for the Restaurant in accordance with Franchisor's standards and specifications. Curry will customize our standard designs for the Approved Location, and will work with an architect local to the Restaurant to implement the interior construction and "build out" of the Restaurant. You will be responsible for paying the fees charged by Curry and the local architect. We do not receive any rebates or commissions from Curry.

Other than as described above, neither we, any affiliate of ours, nor any other company in which any of our officers owns an interest is a currently approved suppliers of your franchise. However, we reserve the right to designate our self, an affiliate of ours, or a company in which one or more of our officers own an interest as a supplier of your Restaurant in the future.

Our criteria for supplier approval, in general terms, are that the supplier must have adequate quality controls and the capacity to supply your needs promptly and reliably, and that our approval of the supplier will not negatively impact the pricing that other franchised and company-owned Restaurants receive from our previously approved suppliers. 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. You may not make any purchases from that supplier unless and until we have approved such supplier in writing. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered either to us or to an independent laboratory for testing. You must pay the cost of the inspection, and the actual cost of the test must be paid by you or the supplier. Our supplier approval procedure does not obligate us to approve any particular supplier. However, we will notify you, within 30 days after we complete the inspection and evaluation process, of our approval or disapproval of any proposed supplier. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval in writing if the supplier fails to continue to provide quality products or services, promptly and reliably, or if your continued use of the supplier negatively impacts the Restaurants' relationship with previously approved suppliers of the same goods or services. Moreover, we may require that any supplier of ingredients or consumables agree to supply those items through our exclusive broad-line distributor, who is currently Sysco.

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

Proprietary Products; Advertising Materials

We are continually developing 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 recipe and other proprietary products and you will purchase those items solely from us or from a source designated by us.

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 our trademarks in the form, color, location and manner we prescribe. In addition, all of 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. You must obtain our approval before you use any advertising or promotional materials and plans if we have not prepared or approved them during the 12 months immediately preceding their proposed use.

Insurance

Before you open the Restaurant for business, you must obtain the insurance coverage for the Restaurant at the minimum policy limits 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 reasonably acceptable to us and that have an A.M. Best Company rating of A+.

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 $5,000,000 combined single limit.

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; anticipated royalty fees, advertising fees and Advertising Fund contributions; maintenance of competent and desirable personnel; and fixed expenses for a period of at least twelve (12) months.

5. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 combined single limit required only if you offer catering or delivery services.

6. 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 stated in the Franchise Agreement.

7. Liquor Liability for combined single limits of bodily injury and property damage of not less than $1,000,000 per occurrence.

8. In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, Franchisee shall maintain builder's risk/installation insurance in forms and amounts reasonably satisfactory to us.

9. Other insurance required by your landlord and the state or locality in which the Restaurant is located and operated.

You may, after obtaining our written consent, elect to have reasonable deductibles under the coverages required under paragraphs 1 - 8 described above. All of the policies must name Us, Our affiliates and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them as additional insureds and must include a waiver of subrogation in favor of all those parties.

Negotiated Prices

We may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which we require you to participate. However, we engaged Sysco as the sole broad-line distributor of ingredients and consumables to the Restaurants and seek to utilize Sysco's services to obtain favorable pricing for our franchisees. If we receive discounts on purchases of equipment, electronic cash registers and software from approved suppliers, such discounts will also be made available to you if you purchase through these suppliers.

Over the course of time, when we or our outsourced provider negotiate special purchase arrangements with suppliers, such as food or equipment suppliers, these special purchase arrangements may generate income for us. Specifically, under certain special purchase arrangements, a supplier may provide us a commission (or rebate) based on a percentage of the sales price of the products purchased by you. At this time our only such rebate arrangement is with the supplier of coffee and tea products. It is our intention that our share of any such commissions or rebates we receive will be applied to marketing expenses and the cost of maintaining the System for the benefit of all franchisees.

Your Required Purchases

You must purchase or lease virtually all goods and services necessary to establish and operate the Restaurants from Us, Our designees, from suppliers approved by us, or in accordance with our specifications. We estimate that Your purchases and leases from Us, Our affiliates, approved suppliers and in accordance with Our specifications, will be approximately 85% to 90% of Your purchases and leases to establish the Franchised Business and to operate the Franchised Business on an ongoing basis (exclusive of salaries and wages). However, most of these purchases will not be from designated suppliers, but rather in compliance with our standards.

Material Benefits

We do not provide any material benefits to you if you buy from sources we approve.

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

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	Article/Section in Franchise Agreement/Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Article II of Franchise Agreement	Items 5, 6, 7, 8, 10 and 11
b. Pre-opening purchases/leases	Article II of Franchise Agreement	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article II of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Section 6.6 of Franchise Agreement	Items 5, 6 and 11
e. Opening	Section 2.10 of Franchise Agreement	Item 11
f. Fees	Article IV and Article VIII of Franchise Agreement and Article II of Area Development Agreement	Items 5, 6 and 7

Obligation	Article/Section in Franchise Agreement/Area Development Agreement	Item in Disclosure Document
g. Compliance with standards and policies/Manuals	Section 6.10 and Article VII of Franchise Agreement	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Article IX of Franchise Agreement and Article IX of Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 7.4, 7.5 and 7.6 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 7.5 of Franchise Agreement	None
k. Territorial development and sales quotas	Article I and Article III of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Sections 7.4, 7.5 and 7.6 of Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 3.2.2 and 7.3 of Franchise Agreement	Item 16
n. Insurance	Article XII of Franchise Agreement	Items 7 and 8
o. Advertising	Article VIII of Franchise Agreement	Items 6 and 11
p. Indemnification	Article XV and Sections 13.1 and 14.10 of Franchise Agreement and Article XI of Area Development Agreement	Items 10 and 13
q. Owner's participation/ management/staffing	Sections 6.6 and 6.7 of Franchise Agreement	Items 1, 11 and 15
r. Records and Reports	Articles IV, VIII an XI of Franchise Agreement	Item 6
s. Inspections and audits	Sections 2.9, 7.5, 7.8 and 11.2.4 of Franchise Agreement	Items 6, 8 and 11
t. Transfer	Article XIV of Franchise Agreement and Article VII of Area Development Agreement	Items 6 and 17
u. Renewal or Extension of Rights	Section 3.2 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Article XVIII of Franchise Agreement and Article VIII of Area Development Agreement	Item 17
w. Non-competition covenants	Sections 6.2.11 and 6.3, Article X and Exhibit C of Franchise Agreement, Article IX and Exhibit B of Area Development Agreement	Item 17
x. Dispute Resolution	Articles XX and XXI of Franchise Agreement and Article XII of Area Development Agreement	Item 17

Obligation	Article/Section in Franchise Agreement/Area Development Agreement	Item in Disclosure Document
y. Other – Personal Guaranty	Sections 6.2.12 and 6.3 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.

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 Restaurant, We will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance We deem advisable. (Franchise Agreement, Section 5.1.1).

2. Up to two on-site evaluations for your first site at no charge (except reimbursement for Our reasonable expenses incurred in providing such on-site evaluations, including, without limitation, the cost of travel, lodging and meals), and additional on-site evaluations as We deem necessary or in response to Your reasonable request for site approval at an additional charge per on-site evaluation. (Franchise Agreement, Section 5.1.2).

3. Arrange for you to work with our designated supplier of restaurant development services, Must use our interior design firm, Andres Escobar & Associates (New York and Montreal) http://www.escobardesign.com, which will customize our standard designs for your chosen site and work with a local architect who you and Andres Escobar & Associates agree on. (Franchise Agreement, Section 5.1.3).

4. At your request, visit your Approved Site up to 2 times during your development of it so as to advise you on site development issues, provided that your reimburse us for our out of pocket costs to provide such site visits (*e.g.*, travel, lodging and meals) within 15 days of invoice. Franchise Agreement, Section 2.9).

5. Solely as a loan to you, one set of the Manuals which We may revise from time to time. (Franchise Agreement, Section 5.1.4).

6. A list of Our approved suppliers. (Franchise Agreement, Section 5.1.9).

7. An initial training program for Your first Operating Principal and first General Manager at no charge to You (except for Your costs for travel, lodging, meals and wages). If You wish to have additional personnel trained, We currently charge $2,500 per person, plus Our expenses. (see Item 6.) (Franchise Agreement, Section 5.1.10).

8. Two (2) weeks of on-site pre-opening assistance at each of Your first two Restaurants. (Franchise Agreement, Section 5.1.11).

Time to Open for Business: We estimate that the time from the signing of the Franchise Agreement to the commencement of operations of the Restaurant will be approximately ten (10) to fifteen (15) months for the first Restaurant developed under an Area Development Agreement, and six (6) to twelve (12) months for subsequently developed Restaurants. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. You must obtain our approval for the location of each Restaurant, and you must acquire the approved location (by purchase or lease) within sixty (60) days of obtaining our approval. You must open each Restaurant for business within one hundred twenty (120) days of obtaining all required licenses to permit construction of the Restaurant, unless You obtain a written extension of this time period from Us. If You do not obtain a site that We approve and construct the Restaurant in compliance with the timeline described above, We may, in Our sole discretion, terminate the Franchise Agreement or the Area Development Agreement, if applicable. (Franchise Agreement, Article II).

Post-Opening Obligations: We are obligated by the Franchise Agreement to provide the following services and assistance after the opening of the Restaurant:

1. One (1) week of on-site post-opening assistance at the Restaurant. (Franchise Agreement, Section 5.1.11). For franchisees who open a Restaurant under an Area Development Agreement, we will provide such services only for your first two Restaurants, and thereafter only do so if we deem it to be necessary and you pay us our then-current per diem rate, plus expenses.

2. As We reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided at the Restaurant to ensure that the high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Section 5.1.5).

3. Advertising and promotional materials that we develop from time to time for in-store marketing and Local Advertising for the Restaurant, at a reasonable cost to You. (Franchise Agreement, Section 5.1.6).

4. Advice and written materials (including updates to the Manuals) concerning techniques for managing and operating the Restaurant, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Section 5.1.7).

5. Make available certain merchandise as we may develop from time to time, including prepackaged food products and promotional products and memorabilia, for use in the Restaurant and for resale to Your customers, in quantities sufficient to meet Your customer demand, at a reasonable cost. We also may, at Our option, make available to You certain other equipment, inventory and decor items at a reasonable cost. (Franchise Agreement, Section 5.1.8).

6. Training programs and seminars and other related activities regarding the operation of the Restaurant as We reasonably deem necessary or appropriate, which Your Operating Principal, General Manager and other Restaurant personnel may be required to attend. (Franchise Agreement, Article VI).

7. Certain on-site remedial training for Your Restaurant personnel when You reasonably request it or as We deem appropriate. We will deem such remedial training appropriate based on regular audits of your personnel's performance, based on a numerical 100 point grading system, and will require such remedial training of certain staff members in cases where the Restaurant does not score at least 85 points through two successive audits. In either case, we may require You to pay the per diem fee of the employees providing the training, as well as Our expenses in providing the training (See Item 6). (Franchise Agreement, Article VI).

8. Once instituted, administration of the advertising fund and cooperatives. (Franchise Agreement, Sections 5.1.12).

9. When there are sufficient franchisees to justify it, We may hold an annual franchisee convention at a location to be determined by Us. You may be charged a fee for attendance at such convention, and, in any event, You will be responsible for Your costs for travel, meals and lodging. (Franchise Agreement, Article V).

Advertising and Marketing Fund: We administer an advertising and marketing fund (the "Fund") to advertise and promote the System on an international basis. You must contribute two percent (2%) of the Aggregate Sales of the Restaurant for each Accounting Period to the Fund, which amount must be paid in the same manner as the Royalty Fees payments. During the term of the Franchise Agreement, We may require You to allocate to the Fund all or part of Your required Local Advertising expenditures and/or Cooperative contributions (described below).

The Fund will be maintained and administered by Us or Our designee as follows; we do not have a franchisee advertising council that advises us on system advertising.

1. We 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 general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. For 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 are not required to make expenditures for You that are equivalent or proportionate to Your contribution to the Fund or to ensure that any particular franchisee benefits directly, or pro rata, from the placement of advertising.

2. The Fund may be used to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed including, without limitation, the cost of updating, improving and maintaining our website and our presence on other Internet websites, including "social media platforms;" preparing and conducting television, radio, magazine, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research and employing advertising agencies to assist with such research; and costs of Our personnel and other departmental costs for advertising that We administer or prepare internally. We may use amounts paid by You to the Fund to defray Our reasonable administrative costs and overhead that We may incur in the administration and/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 Us. The Fund is operated solely as a conduit for collecting and expending the Fees as outlined above. Any sums paid to the Fund that are not spent in the year they are collected will, in our sole discretion, be spent in the following year.

3. We will prepare an annual statement of the operations of the Fund that will be made available to You upon request. We are not required to have the Fund statements audited.

4. Although the Fund is intended to be perpetual once established, We may terminate the Advertising Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to the contributing franchisees.

During our last fiscal year, we used 100% of the Advertising Fund contributions paid to us to support the maintenance and improvement of our global website, www.eggspectation.com, and to maintain and enhance our reputation on other Internet websites.

We are not obligated to conduct any advertising on your behalf, except through administration of the Fund as described above.

Other Advertising Requirements: You are required to spend not less than $10,000-$15,000 on a pre-opening and opening marketing strategy in Your Area of Primary Responsibility. We will provide You with such assistance with Your marketing strategy as We deem necessary in our discretion. Unless otherwise approved by Us in writing, Your marketing strategy must be maintained during the 30 days prior to and 30 days after the Opening Date of Your Restaurant.

You also must spend annually, throughout the term of the Franchise Agreement, 1% of the Aggregate 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, but rather is spent by You. If Your landlord requires You to participate in any marketing or promotion fund, the amounts You pay may be applied towards satisfying Your Local Advertising obligations. We must approve all advertising before You use it. You must not advertise or use Our Marks in any fashion on the Internet or via other means of advertising through telecommunication without Our prior express written consent. You must provide Us with an advertising expenditure report to show that You have complied with the Local Advertising requirement on or before the 1st day of February following the end of each calendar year; provided that day is a business day. If it is not a business day, then the report is due on the next business day. Costs and expenditures You incur in connection with any of the following are not to be included in Your expenditures on Local Advertising, unless We otherwise 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 may, in Our sole discretion, designate any geographic area in which two (2) or more Eggspectation 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 Eggspectation Restaurants in the area, whether operated by Us, Our affiliates or Our franchisees. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by Us in our sole discretion. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative shall be organized for the exclusive purpose of administering advertising programs and developing, subject to Our approval, promotional materials for use by the franchisee 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 upon request.

You must contribute to the Cooperative the amounts required by the documents governing the Cooperative. However, You will not be required to contribute more than 1% of Your Aggregate Sales during each Accounting Period 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. Your contributions to a Cooperative may also be allocated by Us to the Advertising 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 as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining Our approval. Currently, no Cooperatives exist. Each Cooperative will be obligated to prepare an annual financial statement reporting its expenditures for the previous calendar year to its members.

We will not require your aggregate advertising contributions or payments for any calendar year (whether in the form of Local Advertising Expenditures and/or contributions to the Advertising Fund and/or Cooperative), to exceed four percent (4%) of Your Aggregate Sales for such calendar year.

Neither the Advertising Fund nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises for 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 on behalf of all Eggspectation Restaurants in the Restaurant's local market area. If You operate the only Eggspectation Restaurant under the System in the local market area, You will be responsible for full payment 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.

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

Training:

The subjects covered during the initial training program, and the approximate hours of classroom training and on the job training and instruction provided during the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Orientation & Confidentiality	8	0	Owings Mills, Maryland or Toronto
Operations/ Food Preparation	24	192	Owings Mills, Maryland or Toronto
Personnel Mgmt. & Scheduling	4-6	10	Owings Mills, Maryland or Toronto
Marketing	4-6	4-6	Owings Mills, Maryland or Toronto
Financial & Cash Flow Management	4-6	12-16	Owings Mills, Maryland or Toronto
Total	44 - 48	218 - 224	Owings Mills, Maryland or Toronto

* It is our intention that you will train at our affiliate's restaurant in Owings Mills, Maryland, unless you are located in one of the New England states, upstate New York or Michigan, in which case you may train at our affiliate's restaurant in Toronto, Ontario, Canada.

No later than 45 days before the date the Restaurant begins operation, Your Operating Principal and General Manager must complete, to Our satisfaction, Our initial training program. You will be responsible for all expenses You and Your Operating Principal, General Manager and/or other personnel incur for any training program, including costs of travel, lodging, meals and wages. The initial training program will continue for approximately nine (9) weeks. Training will generally be conducted five (5) days per week for an average of eight (8) hours per day. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience and skill levels of those persons being trained. We will conduct the initial training program at various times during the year as necessary and appropriate to adequately and timely train our new franchisees.

David Levitt, our Director of Operations, is the primary instructor for training U.S. franchisees. Mr. Levitt, who joined Eggspectation during 2017, has supervised the operation of food service facilities for nearly 40 years. He worked for 15 years as an area director for Bloomin' Brands, Inc., the owner of Outback Steakhouse, Carrabba's Italian Grill, and Bonefish Grill restaurant brands, and before that for 10 years as a general manager and then area manager for the owner of the Steak & Ale and Bennigan's casual dining brands. More recently Mr. Levitt owned and operated Delmarva's Southern Café in Baltimore, Maryland from 2011 until 2014, and then managed Glory Days Grill in Elderburg, Maryland from 2014 through 2016. His current responsibilities include training new franchise owners and managers of company-owned locations; monitoring their methods of training and supervising restaurant staff; and implementing and auditing company standards and procedures at all Eggspectation restaurants.

John Fernandes, our Corporate Chef, will provide training for your Restaurant's Kitchen Manager on preparing food in compliance with your recipes and methods. Mr. Fernandes has been the Kitchen Manager for the Eggspectation restaurant in Owings Mills since we opened it in March 2016, and he has more than 20 years of experience as a chef and manager in restaurants located in greater Baltimore.

The instructional materials used in the initial training consist of Our Restaurant Operators Manual, Our Training Manual, Food Safety and Handling materials, opening checklists, marketing and promotion materials, programs related to the operation of electronic cash register systems approved for use in Eggspectation restaurants, and other written directives related to the operation of the Restaurant (collectively, the "Manuals"). The Table of Contents for our primary Restaurant Operators Manual, which consists of one hundred and forty five (145) pages plus template exhibits, is attached as Exhibit H to this Disclosure Document; we also have supplementary manuals for various other aspects of restaurant operations, such as training of your Restaurant's kitchen and customer service staff.

We will provide the initial training program at no charge to You, although you are responsible for all of the expenses incurred by your Operating Principal and/or General Manager to travel to and participated in the training program, including any salary or other compensation to that person during the training period. We may charge a reasonable fee for providing initial training to any additional or replacement managers of the Restaurant or to other Restaurant personnel. Our current initial training fee for additional personnel is $2,500 per trainee. If the Operating Principal and/or the General Manager does not satisfactorily complete the initial training program, or if We determine that either or both of these persons cannot satisfactorily complete the training program, You will be required to designate a replacement to satisfactorily complete the training program in exchange for the additional training fee. Any Operating Principal or General Manager subsequently designated by You must also receive and complete the initial training. If You fail to have a replacement manager attend training and complete it to our reasonable satisfaction, We may charge You a support fee of $2,000 per week for the person we designate until a replacement General Manager is trained or certified.

We will provide You with two of Our trained representatives who will provide on-site pre-opening training, supervision, and assistance to You for the two (2) weeks immediately preceding the Opening Date, and opening training, supervision, and assistance to You for one (1) week immediately following the Opening Date for your first two (2) Restaurants. 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 is required to be closed for any other reason, you shall pay to Us the per diem fee then being charged to franchisees generally for trained representative assistance, plus Our expenses incurred in providing such assistance, including, without limitation, costs of travel, lodging, and meals. Our current per diem fee for such assistance is $500. For the third and subsequent franchised Restaurants opened under an Area Development Agreement, We will provide training, supervision and assistance to You only as we determine necessary, in Our sole discretion, and You will be required to pay our per diem charges for such assistance, plus Our expenses.

We may approve You to conduct all training programs for your managers and/or other personnel. If We approve You to provide training, You are required, at Your expense, to 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, for which we may charge a reasonable fee 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 Restaurant personnel must attend all additional training programs and seminars that We require. For all of these programs and seminars, We will provide the instructors and training materials. We will not charge an attendance fee for any mandatory training programs; however, We reserve the right to charge a reasonable fee for the additional training programs and seminars that We provide on an optional basis. You will also be responsible for all expenses You, Your Operating Principal, Your General Manager and/or other Restaurant personnel incur in participating in any additional mandatory or optional training, including costs of travel, lodging, meals, and wages.

If You reasonably request or as We deem appropriate, We will, during the term of the Franchise Agreement and subject to the availability of personnel, provide You with additional trained representatives who will provide on-site remedial training to Your Restaurant personnel. For such additional training, You will be required to pay the per diem fee then being charged to franchisees under the System for the services of Our trained representatives, plus their costs of travel, lodging and meals. Our current per diem fee for such assistance is $500.

Site Selection: You will select the site for your Restaurant at your cost, in accordance with our site selection guidelines, and subject to Our approval. Our guidelines for site selection guidelines may require that You conduct, at Your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, 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 have twenty (20) days after We receive information and materials from You concerning your proposed site in the form we specify to issue our approval or disapproval of the proposed site. After we have approved Your proposed site, You will then enter into a Franchise Agreement with Us for the Restaurant to be developed on that site. You must obtain Our approval of any sale or lease contract before You sign it. If You do not obtain a site that We approve within the time periods specified, We may, in Our sole discretion, terminate the Area Development Agreement, and not enter into a Franchise Agreement with You with respect to the proposed Restaurant.

Lease Approval: You must obtain Our approval of the site for the Restaurant before You acquire the site. You must also obtain Our approval of any contract of sale or lease for the Restaurant before You execute the contract or lease. We will not approve any lease unless a rider to the lease, prepared by Us, is signed by You, by Us, and by the landlord. The rider shall contain the following provisions, which are included in Our form Lease Provisions and Collateral Assignment of Lease, which are included as Exhibits A and B to the Franchise Agreement:

1. During the term of the Franchise Agreement, the premises will be used only for the operation of the Restaurant.

2. The landlord consents to Your use of the Marks and signs, decor items, color schemes and related components of the System.

3. The landlord agrees to give Us copies of any and all letters and notices sent to You related to the lease and the premises, at the same time that these letters and notices are sent to You.

4. We may enter the premises to make any modification necessary to protect the System and Marks or to cure any default under the Franchise Agreement or under the lease, without being guilty of trespass or any other crime or tort. The landlord will not be responsible for any expenses or damages resulting from Our conduct of those activities.

5. If We exercise Our option to obtain Your lease, You must assign the lease to Us or one of Our affiliates when the Franchise Agreement expires or terminates, and the landlord will consent to this assignment and will not charge any assignment fee or accelerate rent under the lease.

6. If the lease is assigned, We or any affiliate designated by Us will agree to assume from the date of assignment all of Your obligations remaining under the lease, and We or Our affiliate will assume Your occupancy rights, and the right to sublease the premises, for the remainder of the term of the lease.

7. You will not assign the lease or renew or extend the lease's term without first obtaining Our written consent.

8. The landlord and You will not amend or otherwise modify the lease in any manner that could materially affect any of the above requirements without first obtaining Our written consent.

9. The terms of the lease rider will supersede any conflicting terms of the lease.

Computer and Electronic Cash Register Systems: As described in Items 6, 7 and 8, You must purchase and use certain electronic cash register systems, computer hardware and software that meet Our specifications and that are capable of electronically interfacing with Our computer system (collectively, the "System"). We estimate that the System will cost you between $24,000 and $30,000, depending on the size of your restaurant.

The System is used to record sales, accept payments, track payroll costs and track inventory, among other functions related to the operation of the Restaurant. The System is designed to enable Us to have immediate access to the information it monitors, including Aggregate Sales information, and there is no contractual limitation on Our access or use of the information We obtain. You must install and maintain equipment and a high speed telecommunications 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. Upon our request that you do so, you must ensure that We have access at the times and in the manner We specify, at Your cost.

The hardware You must purchase for the System includes the following: point-of-sale terminals, thermal printers, communications interface board, remote printers, cash drawers, modem, color monitor, laser jet printer, connectors and cables. Currently, our only approved suppliers for the System are NCR terminals using the Aloha software system; however, we will not unreasonably withhold our approval of any other vendor who meets our standards and specifications. 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 and/or software be improved or upgraded. However, to date we have not required any franchisee or licensee to upgrade their computer systems, and therefore we cannot estimate the cost of annual upgrades to the required hardware and software. We are not aware of any optional maintenance, updating, upgrading or support contracts available for this POSitouch or Micros systems.

You must execute such 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 Your Restaurants and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet, websites, listings with search engines, e-mail addresses or any other similar listings or usages related to the Restaurant. You have no authority to and will not establish any website or listing on the Internet or World Wide Web without Our express written consent.

ITEM 12
TERRITORY

Franchise Agreement: The Franchise Agreement grants You the right to operate an "Eggspectation" Restaurant at a single location that You select within the Assigned Area and that We approve. Schedule A to the Franchise Agreement will identify the specific street address of the accepted location. You must operate the Restaurant only at the approved location and may not relocate the Restaurant without first obtaining Our written consent. We will not unreasonably withhold our approval for a relocation of your restaurant in the event of a natural disaster or other catastrophe outside of your control ("Force Majeure"); in other circumstances, requests to relocate will be considered on a case-by-case basis in light of the specific facts at hand. Therefore, we do not have specific standards for evaluating proposals for relocation. You may not establish or operate another Restaurant unless You enter into a separate Franchise Agreement with Us.

During the term of the Franchise Agreement, if You are in compliance with its terms, We and Our affiliates will not establish an "Eggspectation" Restaurant or authorize any other person or entity to establish an "Eggspectation" Restaurant within the Assigned Area, excluding nontraditional venues (such as airports, stadiums and convention centers) in which We have the right to own and operate Restaurants. The Assigned Area will be described in Schedule A to the Franchise Agreement and will cover no less than a one-mile radius. 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. We, Our affiliates, and any other authorized person or entity may, at any time, advertise and promote the "Eggspectation" Restaurants to people in the Assigned Area, and fill customer orders by providing catering and delivery services in the Assigned Area. We and Our affiliates may also offer and sell and authorize others to offer and sell within the Assigned Area: (i) collateral products under the Marks, at or from any location, such as gift cards and gift certificates, pre-packaged food products, memorabilia and other nonfood items, and (ii) any products or food and beverage services under any other names and marks, including over the Internet. We do not have to pay You any compensation for any orders We (or any other approved person) receive from people located in Your Assigned Area. Accordingly, because of the exceptions to your exclusive rights within the Assigned Area, You will not receive an exclusive territory. You may face competition from other franchisees; from outlets that We own; from sale of products under the Marks through other channels of distribution, including the Internet; or from competitive brands that We control.

Under the Franchise Agreement, We also will designate a non-exclusive geographic area known as the Area of Primary Responsibility in which You will be required to conduct all Local Advertising activities and use all commercially reasonable efforts to advertise and promote the Restaurant. The Area of Primary Responsibility is not exclusive except to the extent that it includes the Assigned Area. You may not direct Internet or e-mail advertising to customers outside of your Area of Primary Responsibility, and you must obtain our consent before conducting any Internet advertising. However, you are not restricted from serving customers located outside of your Area of Primary Responsibility.

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 contingencies. Also, the Assigned Area may not be altered before the Franchise Agreement expires or terminates.

Area Development Agreement: Under the Area Development Agreement, You are assigned a territory where You have to develop two or more Restaurants in accordance with a specified development schedule (the "Territory") which will be in Schedule A to the Area Development Agreement and agreed 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, will be described in Schedule A to the Area Development Agreement, and it will cover no less than a one-mile radius. We will determine the Territory before You sign the Area 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 Area Development Agreement, We will not establish or authorize any other person or entity, other than You, to establish a Restaurant within the Territory during the term of the Area Development Agreement. We, Our affiliates, any "Eggspectation" Restaurant franchisee and any other authorized person or entity may, at any time, advertise and promote the System to people in the Territory and fill customer orders by providing delivery and catering services in the Territory. We and Our affiliates may also offer, sell and authorize others to offer and sell: (i) collateral products under the Marks, at or from any location, such as gift cards and gift certificates, 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 an "Eggspectation" Restaurant in the Territory; and (iii) any products or food and beverage services under any other names and marks. In addition, although an Area Development Agreement will grant to you an exclusive right to develop Restaurants within a Territory, We retain the right, within any Territory, to operate Company-owned restaurants in so-called nontraditional venues. "Nontraditional venues" include, but are not limited to, airports, hotels, amusement parks, sports stadiums and complexes, transportations hubs such as train stations, federal and state parks, and college and university campuses, and military bases.

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 to be executed for the first Restaurant You develop under the Area Development Agreement must be signed and delivered to Us concurrently with the signing and delivery of the Area Development Agreement and will be in the form of the Franchise Agreement attached to this Disclosure Document, although the second half of the initial franchise fee will not be due until five days after we have approved the lease for your first restaurant. All additional Restaurants developed under the Area Development Agreement must be established and operated under Our form of Franchise Agreement then being used by Us for "Eggspectation" Restaurants under the System. The then-current form of Franchise Agreement may differ from the form attached to this Disclosure Document, except that the initial franchise fee will be $50,000, of which you will have paid $25,000 upon signing Your Area Development Agreement.

You must develop and open each Restaurant in accordance with the Development Schedule. If You fail to open a Restaurant in compliance with the Development Schedule as required in the Area Development Agreement, or otherwise commit a material event of default under the Area Development Agreement, We may, in addition to Our other remedies, charge You, at Our option, a late fee equal to 5% of forecasted monthly revenue for each month for which You are in default, and if the default continues, We may terminate or modify Your territorial rights, reduce the area of territorial rights, reduce the number of Restaurants that You may establish, and/or accelerate the development schedule under the Development Agreement.

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 an Area Development Agreement that grants You the right to establish more than one Restaurant or enter into a separate Franchise Agreement for the additional location.

Neither We nor Our affiliates currently operate, franchise, or conduct business through alternative channels of distribution offering products or services similar to those offered by the Restaurant under different marks, and at this time We have no plans to do so. There are, however, no restrictions in either the Franchise Agreement or Area Development Agreement that would restrict Our ability to do so at any time.

ITEM 13
TRADEMARKS

We own the following trademarks, service marks, trade names, logotypes, and other commercial symbols ("Marks") which are registered with the United States Patent and Trademark Office on the principal register:

Mark	Registration Number	Date of Registration
eggspectation	4850659	November 10, 2015
EGGSPECTATION	3585833	March 10, 2009
	3645692	June 30, 2009
GRAB THE DAY BY THE EGGS	4052972	November 8, 2011

There are no agreements currently in effect that significantly limit Our right to use or license the use of the names and Marks in any manner material to the Franchise or Your use of the Marks. In addition, there are no existing infringing uses actually known to Us of Our Marks or names which could materially affect Your use of the trademarks, services marks, trade names, logotypes or other commercial symbols. All necessary affidavits have been filed with the United States Patent and Trademark Office with respect to these registrations.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the trademark trial and appeal board, or the trademark administrator of any state or any court, and there are no pending infringement, opposition or cancellation proceedings or pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark. We do not have any currently effective agreements that significantly limit our rights to use or license use of any trademarks listed above in a manner material to the franchise.

You must immediately notify Us of any apparent infringement of the Marks or challenge to Your use of any of the Marks or any claim by any person of any rights in any of the Marks. You and Your Controlling Principals are not permitted to communicate with any person other than Us or any designated affiliate, their counsel and Your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or Patent and Trademark Office or other administrative or agency proceeding initiated by any infringement, challenge or claim or otherwise relating to any of the Marks. You must execute 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 Patent and Trademark Office or other administrative or agency proceeding relating to the Marks, or to otherwise 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 damages for which You are held liable as a result of Your use of any of the Marks, provided that Your conduct and the conduct of Your Controlling Principals in the proceeding and Your use of the Marks is and was at all relevant times in full compliance with the terms of the Franchise Agreement.

Except as provided above, We are not obligated by the Franchise Agreement to protect any rights granted to You to use the Marks or to protect You against claims of infringement or unfair competition with respect to the Marks. Although We are not contractually obligated to protect the Marks or Your right to use them, as a matter of corporate policy, We intend to defend the Marks vigorously. We have the right to control any proceedings or litigation relating to the Marks.

We may require You to discontinue or modify Your use of any or all of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if We determine that an addition or substitution will benefit the System. You will have to pay all expenses relating to the addition or substitution of any 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, except as stated above.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We have no patents that are material to the franchise. We have registered the following materials with the U.S. Copyright Office:

Nature of Work	Relation to Franchise	Registration Number	Registration Date
Eggspectation logo	Original restaurant logo	VA0000800831	July 30, 1996
Eggspectation menu design	Original menu design	VA0000809610	July 30, 1996
Eggspectation menu text	Original menu text	TX0004347425	July 30, 1996
Eggspectation Menu 2002	Additional text & illustrations	VA0001404047	June 29, 2007
Eggspectation Menu 2004	Additional text & illustrations	VA0001404049	June 29, 2007
Eggspectation Menu 2006	Additional text & illustrations	VA0001404048	June 29, 2007

The term of each of the copyrights listed above is approximately 95 years from the date of registration, as granted by the U.S. Copyright Act of 1976. There are no currently pending copyright applications relating to our copyrighted materials. There are no effective determinations of the U.S. Copyright Office or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the copyrighted materials which are relevant to their use by you.

Confidential Manuals: Our Manual, operational materials, and other proprietary materials specifically created by us in connection with the Eggspectation Restaurant, including the proprietary recipes, advertisements, printed materials and forms are and will be protected under the U.S. Copyright Act, whether or not registrations are obtained. You must use the Manual and other copyrighted materials in a manner consistent with our ownership rights and solely for the promotion of your Eggspectation Restaurant. You also must promptly tell us when you learn about any unauthorized use of copyrighted information. We are not obligated to protect your rights to use our copyrighted materials. You must operate the 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 other written materials We create or approve for use in Your operation of the Restaurant, and the information contained in them, as confidential. You must not duplicate, copy, record or otherwise reproduce such materials, in whole or in part, or make them available to any unauthorized person. The Manuals and other written materials 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 other written materials and You must comply with each new or changed standard, procedure or other requirement. You must also ensure that the Manuals are kept current at all times. 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 are required to return to Us all pages that are replaced in the Manuals.

There are no agreements currently in effect which significantly limit our right to use or to license the use of our copyrighted materials in any manner material to you. We do not know of any infringing uses of our copyrighted materials which materially affect your use of those materials.

ITEM 15
OBLIGATIONS OF FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

When You sign an Area Development Agreement, You must designate and retain at all times an individual to serve as the "Operating Principal" under that Agreement, which person will also serve as the Operating Principal under each Franchise Agreement subsequently entered into for specific Restaurants within a Territory. 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 owners who We designate as a Controlling Principal, and must hold an ownership interest of not less than ten percent (10%) of all outstanding ownership interests in You or any entity that directly or indirectly controls You. Except as otherwise provided in the Franchise Agreement, 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 Area Development Agreement and each Franchise Agreement and in this Disclosure Document. However, the Operating Principal will remain fully responsible for the performance of all of the Operating Principal's obligations in the Franchise Agreement, and therefore must take all necessary action to ensure that the designee conducts and fulfills all such obligations. The Operating Principal (or his designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of each Restaurant under the Area Development Agreement and each Franchise Agreement. The Operating Principal and any other controlling owners of a franchisee-entity ("Controlling Principals") and each Controlling Principal's spouse (and Your spouse if You are an individual) must individually guaranty all of Your obligations and will be liable for all of Your obligations under the Area Development Agreement and each Franchise Agreement.

The Operating Principal (and any designee) must meet Our then current standards for these positions, as provided in the Manuals or other written materials. Under the Franchise Agreement, the Operating Principal (or his designee) must satisfy the training requirements in the Franchise Agreement.

If, during the term of the Franchise 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 and must be approved by Us. You must provide for interim management of the Restaurant until You designate a replacement. This interim management must be conducted in accordance with the Agreements.

We will identify certain persons under the Franchise Agreement and Area Development Agreement that We refer to in this Disclosure Document as Your Principals. If you are a business entity, Your Principals include the officers and directors (including the officers and directors of Your general partner, if applicable) of such entity whom We designate as Your Principals and all holders of an ownership interest in You and in any entity that directly or indirectly controls You, and any other person or entity controlling, controlled by, or under common control with You.

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

You must retain at all times a General Manager for each Franchised Restaurant and such other personnel as are required 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 materials, 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.

If You employ any individual as General Manager or in a managerial position who is at the time employed in a managerial position by Us or any of Our affiliates, or by another of Our franchisees, You must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee. 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. Such covenants must be obtained before commencement of such individual's employment. You must also obtain similar covenants from any holder of a beneficial interest in You (except for any limited partners) who is not designated as a Controlling Principal and does not sign the Franchise Agreement as a Controlling Principal. You must require all of Your Restaurant personnel to sign covenants that they will maintain the confidentiality of information they receive or to which they have access based on their relationship with You. These covenants will be in substantially the same form attached to the Franchise Agreement as Exhibit C and the Area Development Agreement as Exhibit B. We reserve the right, in Our discretion, to decrease the period of time and/or geographic scope of the non-competition covenants contained in the Agreement, including Schedules, or to eliminate the non-competition covenants altogether for any party that is required to sign such covenants as described in this paragraph.

You, each of Your Controlling Principals and Your Controlling Principals' spouses (and Your spouse if You are an individual) are prohibited, during and after the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of the Franchise Agreement, from using for Your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Restaurant, including any trade secrets, that may be communicated to You or any of Your Controlling Principals or that You or any of Your Controlling Principals may learn or otherwise obtain. During the term of the Franchise Agreement, You and each of Your Controlling Principals can divulge this confidential information only to Your employees who must have access to such information in order operate the Restaurant in accordance with Our specifications. Neither You nor Your Controlling Principals are permitted at any time, without first obtaining Our written consent, to copy, record or otherwise reproduce the Manuals or any other materials containing any confidential information nor make them available to any unauthorized person. Upon Our request, Your General Manager, Your Principals, their spouses (and Your spouse if You are an individual) and any of Your personnel who have received or will have access to confidential information must execute covenants substantially similar to those in Exhibit C to the Franchise Agreement and Exhibit B to the Area Development Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all of Our standards and specifications relating to the purchase of all food, food products and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including electronic cash register, computer hardware and software), paper goods, utensils and other kitchen items and products used or sold at the Restaurant (see Item 8).

You must sell or offer for sale all menu items, food products, and other products and services We require, in the manner and style We require, including dine-in and carry-out, as 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 such changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, supplies, materials, paper goods and other products 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 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.

With respect to the offer and sale of all menu, beverage, retail food and non-food items, We may from time to time offer guidance to with respect to selling prices for such goods, products and services. In addition, We may, in Our sole discretion, set maximum and/or minimum selling prices for such goods, products and services. You must adhere to all minimum and/or maximum selling prices We establish, but You otherwise are free to sell products and provide services at any price You determine. We make no guarantee or warranty that offering products, merchandise or services at Our recommended or required prices will enhance Your sales or profits.

We and Our affiliates have developed certain 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 recipes 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 Your requirements for these products only from Us or from sources designated by Us.

You and Your Controlling Principals may not develop any new concept, process, product, recipe or improvement in the operation or promotion of the Restaurant, unless You first submit to Us a request for a test of such concept, process, product, recipe or improvement. A decision to perform such testing will be in Our sole and absolute discretion. If we engage in such testing, and approve Your request, then and only then may you adopt such concept, process, product, recipe or improvement. You will receive no additional compensation for any such approved concept, process, product, recipe or improvement which We have approved for Your use at a Restaurant. You and Your Controlling Principals must acknowledge that any such concept, process, product, recipe or improvement will become Our property and shall constitute confidential information and We may use and/or disclose such information to other franchisees or area developers as We deem appropriate.

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

We may make available and may require You to purchase from Us for resale to Your customers certain pre-packaged food products and memorabilia and other nonfood products in amounts sufficient to meet Your customer demand.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Category	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier.
b. Renewal or extension of the term	Section 3.2	Agreement may be renewed at Your option for two additional 5-year terms.

Category	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 3.2	You must: give us notice at least twelve, but not more than eighteen months prior to expiration; not be in default under the Franchise Agreement or any other agreement with Us; repair, replace and update equipment and Restaurant premises; not be in breach of any agreement with Us or Our affiliates; have the right to remain in possession of Restaurant premises; pay renewal fees; execute Our then current form of franchise agreement, which may have terms and conditions materially different from those in your initial agreement; execute Our general release (see Exhibit F); pay a renewal fee equal to 50% of Our then-current initial franchise fee; and comply with current qualification and training requirements.
d. Termination by franchisee	Not applicable	You may terminate on any grounds available to You by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with "cause"	Sections 17.3 and 17.4	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	Sections 17.3 and 17.4	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 five days after notice (or longer period required), fail to obtain execution of the Confidentiality and Non-competition Covenants contained in the Franchise Agreement within thirty 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 any other default that is susceptible of cure within 30 days after notice.
h. "Cause" defined – non-curable defaults	Sections 17.3	We may terminate You for cause, immediately in the event of certain incurable defaults, including: If You become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against

Category	Section in Franchise Agreement	Summary
		You under bankruptcy laws, have unpaid judgments against You for over 30 days, sell unauthorized products or services, sell authorized products or services from a location other than the Restaurant, fail to acquire an approved location within time required, fail to remodel or to open Restaurant when required, abandon or lose right to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, operate or construct the Restaurant in a way that presents a danger to public health or safety, fail to timely designate a replacement Operating Principal or General Manager, transfer any interest without Our consent, or maintain false books or records; or repeatedly commit material events of default under the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Article XVIII	Obligations include: You must cease operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to Us or Our affiliates, return all Manuals and software and other proprietary materials, comply with confidentiality requirements, pay Our costs and fees incurred as a result of Our termination of or any violation by You of the Franchise Agreement, and at Our option, sell or assign to Us Your rights in the Restaurant premises and the equipment and fixtures used in the business.
j. Assignment of contract by franchisor	Section 14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
k. "Transfer" by franchisee – defined	Sections 14.2 – 14.11	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or You (if You are not a natural person)
l. Franchisor approval of transfer by franchisee	Section 14.2	You must obtain Our consent before transferring any interest.

Category	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 14.2.1	Conditions include: You must pay all amounts due Us or Our affiliates, not otherwise be in default, and execute a general release (see Exhibit F). Transferee must meet Our criteria, attend training, assume your obligations under the Franchise Agreement, execute Our then-current form of Franchise Agreement, pay Our transfer fee, and perform all required updates, refurbishments and modernizations.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.3	We have the option, exercisable within 30 days after notice, to purchase the transferred interest on the same terms and conditions.
o. Franchisor's option to purchase franchisee's business	Not applicable	Other than our option to purchase the Restaurant's 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	Sections 14.5, 14.6 and 14.7	If You or a Controlling Principal are a natural person, on death or permanent disability, distributee must be approved by Us, or franchise must be transferred to someone approved by Us in accordance with Section 14.2 within twelve months after death or six months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section 10.2	Except for Restaurants You operate under Franchise Agreements with Us, You and Your Controlling Principals are prohibited from operating or having an interest in a similar business in the United States, its territories or commonwealths, or elsewhere worldwide where We have the right to grant licenses and franchises to use the System and the Marks.

Category	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3	You and Your Controlling Principals are prohibited, for a period of two (2) years following termination, expiration or transfer of the Franchise Agreement, from: diverting or attempting to divert any business, business opportunity, or customer of the Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System; employing or soliciting for employment any person who is at the time, or was within the preceding ninety (90) days, employed by Us, any of Our affiliates, or any of the System's franchisees or area developers; and operating, owning an interest in or being employed by any competitive business located within ten (10) miles of the formerly franchised location or any Eggspectation Restaurant then existing or under construction.
s. Modification of the agreement	Sections 22.3	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manuals as amended
t. Integration/merger clause	Section 22.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XX	Except for actions brought by Us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in Baltimore, Maryland.
v. Choice of forum	Section 21.1	Unless otherwise provided in the Franchise Agreement, all proceedings related to or arising out of the Franchise Agreement shall be brought in the United States District Court for the District of Maryland or any Maryland state court having jurisdiction (see Exhibit I for state specific addendum)
w. Choice of Law	Section 21.3	The Franchise Agreement is to be interpreted, governed and construed under Maryland law (except for Maryland choice of law rules) (see Exhibit I for state specific addendum)

This table lists certain important provisions of the area development and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Category	Section in Area Development Agreement	Summary
a. Length of the term	Article V	Term continues until You have completed Your development obligations in accordance with the Development Schedule.
b. Renewal or extension of the term	Not applicable	We may, in our sole discretion, extend the term of the Area Development Agreement to allow You to develop additional Restaurants, however, the Area Development Agreement does not grant to You any right to renew or extend the Area Development Agreement.
c. Requirements for Developer to renew or extend	Not applicable	Not applicable
d. Termination by Developer	Not applicable	You may terminate under any grounds available to You by law
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with "cause"	Sections 8.3 and 8.4	Following certain defaults, We may terminate the Area Development Agreement or modify Your territorial rights or alter Your Development Schedule in lieu of termination
g. "Cause" defined - curable defaults	Sections 8.3 and 8.4	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 execution of the Confidentiality and Non-competition Covenants contained in the Area Development 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 an Area Development Agreement and a Franchise Agreement, any uncured default under one is also a default under the other.

Category	Section in Area Development Agreement	Summary
h. "Cause defined – non-curable defaults	Sections 8.3	We may terminate You for cause based on certain non-curable defaults, including: If You become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition filed 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 execute all franchise agreements in accordance with the terms of the Area Development Agreement, fail to comply with any term or condition of any 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, transfer any interest without Our consent, or repeatedly commit material events of default under the Agreement.
i. Developer's obligations on termination/non-renewal	Section 8.6 and 8.10	Obligations include: You must cease developing Restaurants or, on a partial termination of territorial or development rights under Section 8.5 of the Development Agreement, You must continue to develop Restaurants only in accordance with any modified Development Schedule, and must comply with all applicable confidentiality and restrictive covenants
j. Assignment of contract by Franchisor	Section 7.1	We have the right to transfer or assign the Area Development Agreement to any person or entity without restriction
k. "Transfer" by Developer – defined	Sections 7.1 and 7.2	Includes sale, assignment, conveyance, gift, pledge, mortgage or other disposal or encumbrance of any direct or indirect interest in the Area Development Agreement or You
l. Franchisor approval of transfer by Developer	Sections 7.2 and 7.3	You must obtain Our consent before transferring any interest
m. Conditions for Franchisor approval of transfer	Section 7.3	Conditions include: You must pay all amounts due Us and Our affiliates, not otherwise be in default, execute a general release (see Exhibit F), remain liable for pre-transfer obligations, complete the development of all Restaurants required to be developed under the Development Schedule as of the effective date of transfer,

Category	Section in Area Development Agreement	Summary
		and pay a transfer fee. Transferee must meet Our then current criteria, assume post-transfer obligations, and execute Our then current form of Area Development Agreement
n. Franchisor's right of first refusal to acquire Developer's business	Section 7.6	We have the option, exercisable within 30 days after notice, 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 7.8	If You or a Controlling Principal are a natural person, on death or permanent disability, your beneficiary must be approved by Us, or interest must be transferred to someone approved by Us within 12 months after death or 6 months after notice of permanent disability
q. Non-competition covenants during the term of the Development Agreement	Section 9.3	Except for Restaurants You operate under Franchise Agreements with Us, You and Your Controlling Principals are prohibited from operating or having an interest in a similar business in the United States, its territories or commonwealths, or elsewhere worldwide where We have the right to grant licenses and franchises to use the System and the Marks
r. Non-competition covenants after the Development Agreement is terminated or expires	Section 9.4	You and Your Controlling Principals are prohibited, for a period of two (2) years following termination, expiration or transfer of the Area Development Agreement, from: diverting or attempting to divert any business, business opportunity, or customer of any Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System; employing or soliciting for employment any person who is at the time, or was within the preceding ninety (90) days, employed by Us, any of Our affiliates, or any of the System's franchisees or area developers; and operating, owning an interest in or being employed by any competitive business located within ten (10) miles of any Eggspectation Restaurant then existing or under construction, except pursuant to a franchise agreement with us.

Category	Section in Area Development Agreement	Summary
s. Modification of the agreement	Sections 8.5 and 14.2	The Area Development 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 14.1	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XII	Except for actions brought by Us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in Baltimore, Maryland.
v. Choice of forum	Section 13.1	Unless otherwise expressly provided, all proceedings related to or arising out of the Area Development Agreement shall be bought in the United States District Court for the District of Maryland or any Maryland state court having jurisdiction (see Exhibit I for state specific addendum)
w. Choice of law	Section 13.2	The Area Development Agreement is to be interpreted and construed under Maryland law (except for Maryland choice of law rules) (see Exhibit I for state specific addendum).

ITEM 18
PUBLIC FIGURES

As of the effective date of this Disclosure Document, we do not use any public figure to promote our franchise System. We may, in the future, from time to time use public figures to promote Our franchise.

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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.

The following represents the Aggregate Sales of each of our six (6) franchised restaurants and one (1) company-managed restaurant in the United States for the 2016 and 2017 calendar years:

	2016	2017
Ellicott City, Maryland	$ 5,249,137	$ 5,214,232
Silver Spring, MD	$ 2,848,331	$ 2,924,660
Chantilly, VA	$ 2,813,071	$ 2,866,558
Gainesville, VA	$ 1,433,919	$ 1,483,904
Leesburg, VA	$ 1,376,707	$ 1,459,007
Owings Mills, MD*	$ 1,828,224	$ 2,336,386
San Antonio, TX**	$ 905,659	$ 2,444,524
Total for USA	$ 16,455,048	$ 18,729,270
Open units at year end	7	7
Average Sales per Restaurant	$ 2,350,721	$ 2,675,610
Median Sales per Restaurant	$ 1,828,224	$ 2,444,524
Average Sales per Sq. foot	$ 408.49	$ 464.94
Average Sales per Seat incl. Patio	$ 10,381.73	$ 11,816.57
Open units total Sq. footage	40,283	40,283
Open units total Seats	1,585	1,585

* Owings Mills opened in March 2016 and is managed by Franchisor.
** San Antonio opened on August 16, 2016.

"Aggregate Sales" means total weekly gross revenues, whether for cash or credit, less monthly sales taxes included thereon, less the monthly dollar value of complimentary meals and beverages not to exceed 3% of gross revenues.

The sources of the data are Aggregate Sales reports that our franchised stores provide to us for royalties reporting purposes, through its POS System, and the POS System data that we collect for Owings Mills in managing that location. The information on the numbers of seats and square feet of the franchised locations are self-reported by the franchisees as confirmed through site visits.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Written substantiation for this Financial Performance Representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Eggspectation does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Castrenze "Enzo" Renda at 8600 La Salle Road, Suite 615, Towson, Maryland 21286, 855-331-EGGS (3447), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	5	5	0
	2016	5	6	+1
	2017	6	6	0
Company-Owned	2015	0	0	0
	2016	0	1	+1
	2017	1	1	0
Total Outlets	2015	5	5	0
	2016	5	7	+2
	2017	7	7	0

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(other than the Franchisor)
For years 2015 to 2017

State	Year	Number of transfers
Total	2015	0
	2016	0
	2017	0

Table No. 3
Status of Franchised Outlets
For years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
MD	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
VA	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
TX	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Totals	2015	5	0	0	0	0	0	5
	2016	5	1	0	0	0	0	6
	2017	6	0	0	0	0	0	6

Table No. 4
Status of Company-Owned Outlets
For years 2015 to 2017

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
MD	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
Totals	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1

Table No. 5

Projected Openings as of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
DE	0	1	0
Total	0	1	0

A list of our franchisees as of December 31, 2017 and their contact information is provided in Exhibit G to this Disclosure Document. There are no franchisees who have had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or had not communicated with us within 10 weeks of the application date.

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, none of our current or former franchisees signed provisions restricting their ability to speak openly about their experience with Us.

There is no trademark-specific franchisee organization associated with the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Eggspectation Restaurants, LLC's audited financial statements for the years ending December 31, 2017, December 31, 2016 and December 31, 2015 are attached to this disclosure document in its Exhibit A.

Also attached in Exhibit A is our unaudited balance sheet as of March 31, 2018, and our unaudited statement of operations for the period January 1 through March 31, 2018. THOSE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM OF UNAUDITED FINANCIAL STATEMENTS.

ITEM 22
CONTRACTS

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

1.	Area Development Agreement	Exhibit B
2.	Franchise Agreement	Exhibit C
3.	Electronic Transfer Authorization	Exhibit D
4.	Confidentiality Agreement	Exhibit E

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

EGGSPECTATION

AREA DEVELOPMENT AGREEMENT

between

EGGSPECTATION RESTAURANTS, LLC
Franchisor

and

[____________________]
Area Developer

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EGGSPECTATION RESTAURANTS, LLC

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Development Agreement") is made and entered into effective as of the __ day of __________, 20__ ("Effective Date"), by and between EGGSPECTATION RESTAURANTS, LLC, a Maryland limited liability company ("Franchisor"), and ______________, a __________ ("Developer").

RECITALS

WHEREAS, Franchisor has acquired and owns a unique and distinctive concept and system ("System") relating to the establishment and operation of upscale casual full service restaurants (each, an "Eggspectation Restaurant") serving all day "breakfast" style food, specializing in gourmet style egg dishes for breakfast and brunch, as well as a full menu for lunch and dinner and a full-service bar.

WHEREAS, the distinguishing characteristics of the System, include, without limitation, (i) distinctive exterior and interior design, decor, color scheme, and furnishings; (ii) proprietary products and ingredients; (iii) proprietary recipes and special menu items; (iv) uniform standards, specifications, and procedures for operations; (v) quality and uniformity of products and services offered; (vi) procedures for management and financial control; (vii) specialized training and assistance; and (viii) advertising, promotional and marketing programs, methods and techniques; all of which may be changed, improved and further developed by Franchisor from time to time (the "Trade Secrets"). All references herein to the "System" shall be to the Eggspectation System in the United States and elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks (as hereinafter defined).

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 mark "Eggspectation" 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 (the "Marks").

WHEREAS, Franchisor continues to develop, use and control the use of the Marks in order to (i) identify for the public the source of services and products marketed thereunder and under the System, (ii) enhance public acceptance of, and demand for, Eggspectation Restaurants, and (iii) represent the System's high standards of quality, appearance and service.

WHEREAS, Developer desires to obtain the right to develop Eggspectation Restaurants within the Territory (as hereinafter defined).

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

ARTICLE I. **GRANT**

1.1 In reliance upon the representations, warranties, covenants and agreements of Developer and its Controlling Principals (as defined in Article XV hereof) as set forth herein, Franchisor hereby grants to Developer and Developer hereby accepts, the right and obligation to develop that number of Eggspectation Restaurants designated on Schedule A attached hereto (the "Developer Restaurants") in the geographic area identified on Schedule A (the "Territory"), under the Marks and the System subject to and in accordance with the provisions of this Development Agreement and Franchisor's then current form of Franchise Agreement (each, a "Franchise Agreement") applicable to each such restaurant.

1.2 Developer and the Controlling Principals have represented to Franchisor that they have entered into this Development Agreement with the intention of fully complying with the obligations to construct and develop the Developer Restaurants hereunder and not for the purpose of reselling the rights to develop any or all of the Developer Restaurants hereunder. Developer and the Controlling Principals understand and acknowledge that Franchisor has granted such rights in reliance on (i) the business skill, financial capacity and personal character of Developer and the Controlling Principals, (ii) the expectations of performance hereunder by Developer and the Controlling Principals, and (iii) the agreement and understanding that this Development Agreement and the rights and obligations hereunder may not be transferred or assigned except as otherwise expressly provided in Article VII hereof.

1.3 Developer acknowledges and agrees that, except as otherwise expressly provided in Section 1.4 hereof, Franchisor, its subsidiaries, affiliates (defined as any entity that is controlled by, controlling or under common control with such other entity) and partners (each, an "Eggspectation Company" and, collectively, the "Eggspectation Companies") have and retain the right to develop, promote, construct, own, lease, acquire and/or operate, or authorize or otherwise license or franchise others to develop, promote, construct, own, lease, acquire and/or operate, other business operations and concepts under the trade name "Eggspectation," including other Eggspectation Restaurants. Developer further acknowledges, accepts and agrees that the Franchisor and the other Eggspectation Companies, or any of them, may exercise such rights from time to time without notice to Area Developer, and Area Developer covenants that it shall not take any action, including any cause of action in a court of law or equity, that may interfere with the exercise of such right by any of the Eggspectation Companies.

1.4 Subject to Section 1.5 hereof and, provided that Developer and the Controlling Principals are in full compliance with all provisions of this Development Agreement and any other agreements between Developer and/or any of its affiliates and Franchisor and/or any of the other Eggspectation Companies, neither Franchisor nor any of the Eggspectation Companies shall establish (or authorize any other person or entity, other than Developer, to establish) an Eggspectation Restaurant within the Territory during the term of this Development Agreement.

1.5 Area Developer acknowledges and agrees that Franchisor may operate Eggspectation Restaurants under the Marks. Accordingly, notwithstanding anything in this Development Agreement, Franchisor and the other Eggspectation Companies may also offer and sell (and may authorize others to offer and sell), in the Territory: (i) collateral products under the Marks, at or from any location, such as gift cards and gift certificates, pre-packaged food products, and memorabilia and other non-food items; (ii) food and beverage services under the Marks at or through any Eggspectation Restaurant or any other permanent, temporary or seasonal food service facility providing in whole or in part the products and services offered by an Eggspectation Restaurant in nontraditional venues within the Territory; and (iii) any products or food and non-food items and beverage services under any other names and marks. For purposes of this Development Agreement, "nontraditional venues" means any area of retail establishments or food court (other than in a retail shopping mall in which a Developer 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 businesses or customers with corporate campus or institutional feeding sites that have an agreement with Franchisor or any of its affiliates for the placement of an Eggspectation Restaurant in one or more of their facilities. Franchisor, any other Eggspectation Company, any franchisee designated by Franchisor and any other authorized person or entity shall have the right, at any time and from time to time, to advertise and promote the System in the Territory.

1.6 This Development Agreement is not a Franchise Agreement and does not grant to Developer (i) any right or license to own and/or operate an Eggspectation Restaurant, or (ii) any interest in or right to use the Marks or the System.

ARTICLE II. **DEVELOPMENT FEE**

2.1 As partial consideration for the development rights granted to Developer herein and the rights to be granted to Developer under separate Franchise Agreements, Developer shall pay to Franchisor, concurrent with the execution and delivery of this Development Agreement, a total development fee equal to the product of (i) $25,000, multiplied by (ii) the total number of Developer Restaurants (the "Development Fee").

2.2 The Development Fee, when so paid, shall be deemed fully earned and non-refundable 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 hereunder.

2.3 Upon execution of the applicable Franchise Agreement, $25,000 of the total Development Fee shall be credited against the Initial Franchise Fee payable in connection with each Developer Restaurant upon execution of a Franchise Agreement.

2.4 Developer shall not be entitled to withhold payments due Franchisor under this Development Agreement or any Franchise Agreement on grounds of alleged non-performance by Franchisor hereunder. Any payment not actually received by 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 Development 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 Development Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess interest is provided for herein, or shall be adjudicated to be so provided herein, the provisions of this Section 2.4 shall govern and prevail, and neither Developer nor its Controlling Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts that may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party that paid such interest.

ARTICLE III. **DEVELOPMENT SCHEDULE**

3.1 Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each Developer Restaurant. 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 Eggspectation Restaurant to be developed by Developer under this Development Agreement shall be executed and delivered to Franchisor concurrently with the execution and delivery of this Development Agreement and shall be in the form of the Franchise Agreement attached as Exhibit 1. All subsequent Eggspectation Restaurants developed under this Development Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for Eggspectation Restaurants under the System. All such franchise agreements shall be included in the term "Franchise Agreement" as used in this Development Agreement. Franchisor's then-current form of Franchise Agreement may differ from the form attached hereto as Exhibit 1.

3.2 Acknowledging that time is of the essence, and subject to the requirements of Article IV hereof, Developer agrees to exercise its development rights according to Section 3.1 and according to the Development Schedule contained in Schedule B, which schedule designates the number of Restaurants in the Territory to be established and operated by Developer (the "Development Schedule"). Developer shall open each Eggspectation Restaurant developed hereunder and shall commence business in accordance with the Development Schedule. Failure of Developer to adhere to the Development Schedule shall constitute a material event of default under this Development Agreement.

ARTICLE IV. **FRANCHISE AGREEMENT**

4.1 Developer understands and agrees that this Development 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 upon which Developer shall be entitled to obtain the right to develop and operate Eggspectation Restaurants within the Territory pursuant to Franchise Agreements. Each of the following conditions (the "Conditions") must be satisfied before the grant of the right by Franchisor to Developer to develop each Eggspectation Restaurant shall become effective:

4.1.1 Developer and its affiliates shall not be in default under any provision of this Development Agreement, any Franchise Agreement or any other agreement between Area Developer and/or any of its affiliates and Franchisor and/or any of the Eggspectation Companies, and shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

4.1.2 Developer and its affiliates shall have fully satisfied all monetary obligations owed by Developer and/or its affiliates to Franchisor and/or any of the Eggspectation Companies under this Development Agreement, any Franchise Agreement or any other agreement between Developer and/or any of its affiliates and Franchisor and/or any of the Eggspectation Companies, and shall have substantially and timely satisfied those obligations throughout the terms thereof;

4.1.3 Developer shall otherwise satisfy Franchisor's then current criteria for prospective franchisees;

4.1.4 Developer must have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor, or required to be submitted to Franchisor, prior to and/or in connection with the issuance of individual franchises or otherwise required pursuant to this Development Agreement and/or any Franchise Agreement between Developer and/or its affiliates and Franchisor and/or any of the Eggspectation Companies, and Developer must have taken such additional actions in connection therewith as may be requested by Franchisor from time to time; and

4.2 If Franchisor determines, in its sole discretion, that Developer and the Controlling Principals have met all of the Conditions prior to the grant of the right to establish each additional Eggspectation Restaurant, then Franchisor shall grant to Developer the right to develop such additional

Eggspectation Restaurant pursuant to the Development Schedule. The Conditions shall survive the termination or expiration of this Development Agreement and shall apply with respect to any Franchise Agreement executed pursuant to this Development Agreement.

ARTICLE V. **TERM**

Unless sooner terminated in accordance with Article VIII of this Development Agreement, the term of this Development Agreement and all rights granted by Franchisor to Developer under this Development Agreement shall expire on the date on which Developer successfully and in a timely manner has exercised all of the development rights and completed all of the development obligations under this Development Agreement in accordance with the Development Schedule.

ARTICLE VI. **REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF DEVELOPER AND CONTROLLING PRINCIPALS**

6.1 Each of Area Developer and the Controlling Principals, jointly and severally, covenants and agrees that he/she/it shall make all commercially reasonable efforts to develop the Developer Restaurants in accordance with all provisions of this Area Development Agreement and all applicable Franchise Agreements.

6.2 Each of Developer and the Controlling Principals, jointly and severally, represent, warrant, covenant and agree as follows:

6.2.1 If Developer is a corporation, partnership, limited liability company, or other legal entity, (i) Developer is duly organized, validly existing and in good standing under the state law of its formation; (ii) Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification; and (iii) the execution, delivery and performance by Developer of this Development Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action;

6.2.2 This Development Agreement constitutes the valid and binding obligation of Developer and each of the Controlling Principals, enforceable against Developer and each of the Controlling Principals in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization, and other similar laws now or hereafter in effect relating to or affecting creditor's rights generally, and the exercise of judicial discretion;

6.2.3 If Developer is a corporation, partnership, limited liability company, or other legal entity, Developer's organizational documents shall at all times provide that the activities of Developer are confined exclusively to the development of Eggspectation Restaurants, unless otherwise consented to in writing by Franchisor;

6.2.4 If Developer is a corporation, partnership, limited liability company, or other legal entity, accurate, true and complete copies of Developer's organizational documents, other governing documents, resolutions and consents authorizing entry into and performance of this Development Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of equity interests in Developer, and any other documents as may be reasonably required by Franchisor shall be furnished to Franchisor prior to the execution of this Development Agreement;

6.2.5 If Developer is a corporation, partnership, limited liability company, or other legal entity, the ownership interests in Developer as of the Effective Date are accurately and completely described in Schedule B. Developer 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;

6.2.6 If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Development 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 Article XV hereof). If Developer is a partnership or limited liability company, its written partnership agreement or limited liability company agreement shall provide that ownership of an interest in such entity is held subject to all restrictions imposed upon assignments by this Development Agreement;

6.2.7 Developer and, at Franchisor's request, each of the Controlling Principals, must have provided Franchisor with the most recent financial statements of Developer and such Controlling Principals. Such financial statements present fairly the financial position of Developer and each of the Controlling Principals, as applicable, at the dates indicated therein and with respect to Developer, the results of its operations and its cash flow for the years then ended. Developer agrees that it shall maintain at all times, during the term of this Development Agreement, sufficient working capital to fulfill its obligations under this Development Agreement. Each of the financial statements mentioned above shall be reviewed by an independent certified public accountant and certified by Developer's treasurer or chief financial officer or comparable officer 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 Effective Date, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities on the financial statements of Developer or the Controlling Principals;

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

6.2.9 All of Developer's Principals not required to sign this Development Agreement as a Controlling Principal and the spouse of each Principal (and of Developer if Developer is an individual) shall each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete in the form attached hereto as Exhibit 2 (the "Covenants"), and Developer shall require and obtain from its consultants and advisor who have received or will have access to any Confidential Information execution of confidentially covenants substantially similar to the confidentiality covenants set forth in the Covenants;

6.2.10 The Controlling Principals and their spouses (and Developer's spouse if Developer is an individual) shall, jointly and severally, guarantee Developer's performance of all of Developer's obligations, covenants and agreements under this Development Agreement pursuant to the terms and conditions of the guaranty in the form attached hereto as Exhibit 3 (the "Guaranty"), and shall otherwise bind themselves to the terms of this Development Agreement as stated herein;

6.2.11 Developer and the Controlling Principals acknowledge and agree that the representations, warranties, covenants and agreements set forth in this Article VI are continuing obligations of Developer and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties, covenants and agreements shall constitute a material event of default under this Development Agreement. Developer and the Controlling Principals will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants; and

6.2.12 Developer and the Controlling Principals will comply with all requirements of federal, state and local laws, regulations, and orders, and will comply with all requirements and perform all other obligations as set forth in this Agreement.

ARTICLE VII. **TRANSFER OF INTEREST**

7.1 Franchisor shall have the right to sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber (each, a "Transfer") all or any of Franchisor's rights or obligations under this Development Agreement to any person or legal entity without Developer's consent; provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Developer receives a statement from both Franchisor and its transferee to that effect. Upon any such Transfer, Franchisor shall have no further obligations hereunder, except for accrued liabilities, if any. Developer further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the foregoing activities, Developer expressly and specifically waives (i) any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and/or System and/or the loss of association with or identification of Eggspectation Restaurants, LLC as Franchisor under this Development Agreement, and (ii) all other claims, demands or damages arising from or related to such activity, including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Developer agrees that Franchisor has the right, now and/or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Eggspectation Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Developer acknowledges may be within its Territory, proximate thereto, or proximate to any of Developer's Restaurants). If Franchisor Transfers its rights in this Development Agreement, nothing herein shall be deemed to require Franchisor to remain in the Eggspectation Restaurant business or to offer or sell any products or services to Developer.

7.2 Developer and the Controlling Principals understand and acknowledge that the rights and duties set forth in this Development 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 the Controlling Principals and with the expectation that the duties and obligations contained in this Development Agreement will be performed by Developer and those Controlling Principals signing this Development Agreement. Accordingly, neither Developer nor any Controlling Principal, nor any successor or assign of Developer or any Controlling Principal, shall Transfer any direct or indirect interest in this Development Agreement or in Developer (each, an "Interest") without the prior written consent of Franchisor. Any purported Transfer, by operation of law or otherwise, made in violation of this Development Agreement shall be null and void and shall constitute a material event of default under this Development Agreement.

7.3 If Developer or a Controlling Principal wishes to Transfer all or part of its Interest, transferor and the proposed transferee must apply to Franchisor for its consent and provide Franchisor written notice describing all the terms and conditions of the proposed transfer, including, without limitation, an explanation of how the proposed transferee will finance the purchase. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval to any such Transfer:

7.3.1 All of the accrued monetary obligations owed by Developer and/or any of its affiliates to Franchisor and/or any of the Eggspectation Companies under this Development Agreement, any Franchise Agreement or any other agreement between Developer and/or any of its affiliates and Franchisor and/or any of the Eggspectation Companies 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;

7.3.2 Neither Developer nor any of its affiliates shall be in default under any provision of this Development Agreement, any Franchise Agreement or any other agreement between Developer and/or any of its affiliates and Franchisor and/or any of the Eggspectation Companies, and Developer shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

7.3.3 The transferor and its principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor (see Exhibit H of the Franchise Disclosure Document), of any and all claims, actions, causes of action, damages, costs, losses, debt and expenses of any nature whatsoever against Franchisor and the other Franchisor Parties, in their corporate and individual capacities, including, without limitation, claims arising under this Development Agreement, any Franchise Agreement and any other agreement between Developer and Franchisor and/or any of the Eggspectation Companies or under federal, state or local laws, rules, and regulations or orders;

7.3.4 The transferee shall demonstrate to the satisfaction of Franchisor's reasonable business judgment, that the terms of the proposed transfer (including financing) will not prevent the proposed transferee from operating the business in compliance with its development agreement and at or above the level of productivity at which it was operated by Developer, and 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 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 any other development territory for which transferee has been granted development rights or of other Eggspectation Restaurants owned and/or operated by transferee, if any;

7.3.5 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 under this Development Agreement; and, if transferee is a corporation, partnership, limited liability company or other legal entity, transferee's shareholders, partners, members 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 thereunder;

7.3.6 The transferee shall execute Franchisor's then current form of development agreement being offered to new System developers or a revised form of this Development Agreement, as Franchisor deems appropriate, and such other ancillary agreements as Franchisor may require, which agreements shall supersede this Development Agreement and all Schedules and Exhibits attached hereof in all respects and the terms of which agreements may differ from the terms of this Development Agreement, and if the transferee is a corporation, partnership, limited liability company or other legal entity, transferee's shareholders, partners, members 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 thereunder;

7.3.7 The transferor shall remain liable for all of the obligations to Franchisor in connection with this Development 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;

7.3.8 Developer shall pay to Franchisor a transfer fee equal to $15,000, 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;

7.3.9 Developer shall have completed the development of all Eggspectation Restaurants required to be developed under the Development Schedule as of the effective date of transfer;

7.3.10 If transferee is a corporation, partnership, limited liability company or other form of legal entity, transferee shall make and will be bound by any or all of the representations, warranties and covenants in Section 6.2 hereof as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Section 6.2 have been satisfied and are true and correct on the effective date of transfer; and

7.3.11 If Developer will finance all or any portion of the transferee's purchase, Developer: (i) guaranteeing the transferee's obligations under its development agreement with Franchisor until the loan to the transferee is repaid in full; and (ii) subordinating any security interest(s) in transferee or its assets to Franchisor's right to be paid all amounts owed by the transferee to Franchisor.

7.4 Developer acknowledges and agrees that each condition identified in Section 7.3, which must be satisfied by the transferee, is reasonable and necessary to ensure such transferee's full performance of the obligations hereunder.

7.5 In the event the proposed Transfer is to a legal entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section 7.3, except that the requirements in Sections 7.3.3, 7.3.4, 7.3.6 and 7.3.8 shall not apply. With respect to a Transfer to a legal entity for the convenience of ownership, Developer shall be the owner of all the voting stock or interest of the entity, and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the entity as he/she had in Developer prior to the Transfer.

7.6 Notwithstanding anything herein, if Developer or a Controlling Principal wishes to Transfer all or part of his/her/its Interest pursuant to any <u>bona fide</u> offer received from a third party (the "Third Party Offer") to purchase such Interest (the "Seller's Interest"), then such proposed seller (the "Seller") shall promptly notify Franchisor in writing (the "Offer Notice") of each such offer, including with such notice a copy of the Third Party Offer and such other information and documentation relating to the Third Party Offer as Franchisor may require. Franchisor shall have the right and option, but not the obligation, exercisable within thirty (30) days after receipt of the Offer Notice and such additional information and documentation as required by Franchisor (the "Option Period"), to elect to purchase the Seller's Interest in accordance with the terms of the Third Party Offer. Franchisor shall exercise its option to purchase the Seller's Interest by delivering written notice (the "Election Notice") to the Seller on or before the thirtieth (30th) day following receipt of the Offer Notice indicating Franchisor's intention to purchase the Seller's Interest.

7.6.1 If Franchisor elects to purchase the Seller's Interest, unless otherwise agreed by the parties, closing on such purchase must occur within the later of (i) sixty (60) days from the date the Election Notice is delivered to Seller, (ii) sixty (60) days from the date Franchisor receives or obtains all necessary documentation, permits and approvals, and (iii) the closing date set forth in the Third Party Offer.

7.6.2 If Franchisor elects not to purchase the Seller's Interest or otherwise fails to exercise its option prior to the expiration of the Option Period, Seller may Transfer the Seller's Interest to the Third Party in accordance with the terms of the Third Party Offer; provided, all applicable requirements of Section 7.3 shall have been satisfied. Any material change in the terms of the Third Party 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 7.6 shall not constitute a waiver of any other provision of this Development Agreement, including the requirements of Section 7.3, with respect to a proposed Transfer.

7.6.3 If the Third Party Offer provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the Seller's Interest 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 Third Party 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. If Franchisor elects to purchase Seller's Interest pursuant to this Section 7.6, it shall have the right to set off against any payment therefore (i) all fees for any such independent appraiser due from Developer hereunder, and (ii) all amounts due from Developer and/or its affiliates to Franchisor and/or any of the Eggspectation Companies.

7.7 Failure to comply with the provisions of this Article VII prior to the Transfer of any Interest shall constitute a material event of default under this Development Agreement.

7.8 The provisions of this Section 7.8 shall apply in the event of the death or disability of Developer (if Developer is a natural person) or any Controlling Principal who owns an Interest:

7.8.1 Upon the death of Developer (if Developer is a natural person) or any Controlling Principal who owns an Interest (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall Transfer the Deceased's Interest to a third party in accordance with the conditions described in this Section 7.8 within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall Transfer such Interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

7.8.2 Upon the permanent disability of Developer (if Developer is a natural person) or any Controlling Principal who owns an Interest, Franchisor may, in its sole discretion, require such Interest (the "Disability Interest") to be transferred to a third party approved by Franchisor in accordance with the provisions of this Section 7.8 within six (6) months after notice to Developer. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Development Agreement or in the Guaranty made part of this Development Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined upon examination of the person by a practicing physician selected by Franchisor; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section 7.8. The costs of any examination required by this Section 7.8 shall be paid by Franchisor.

7.8.3 Upon the death or claim of permanent disability of Developer or any Controlling Principal, Developer or a representative of Developer must notify Franchisor of such death or claim of permanent disability within five (5) days of its occurrence. Any Transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article VII for any inter vivos Transfer, except that the transfer fee otherwise payable pursuant to Section 7.3.8 shall not apply. If an interest is not transferred upon death or permanent disability as required in this Section 7.8, then such failure shall constitute a material event of default under this Development Agreement.

7.9 Franchisor's consent to a Transfer of any Interest 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 Development Agreement by the transferee.

7.10 Securities in Developer 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.

7.10.1 As a condition of its consent to any such public offering, Franchisor may, in its sole discretion, require that immediately after such offering that the Controlling Principals retain a Controlling Interest in Developer. For purposes of this Section 7.10, "Controlling Interest" shall mean that the Controlling Principals, either individually or cumulatively, are entitled, under the entity's organizational documents and other governing documents to cast a sufficient number of votes to require such entity to take or omit to take any action that such entity is required to take or omit to take under this Development Agreement.

7.10.2 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 Developer offering (public or private) shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Developer or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Developer and Franchisor and/or one or more of the Eggspectation Companies. Franchisor may, at its option, require Developer's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Developer, its Controlling Principals and the other participants in the offering must fully indemnify Franchisor and all other Franchisor Parties in connection with the offering. For each proposed public or private offering, Developer shall pay to Franchisor a non-refundable fee of $25,000, or such greater amount as is necessary to reimburse Franchisor for its costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 7.10.

7.11 If any person holding an Interest (other than Developer or a Controlling Principal, which parties shall be subject to the provisions set forth above) intends to Transfer such Interest, then Developer shall promptly notify Franchisor of such proposed Transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to such Transfer. Such transferee may not be one of Franchisor's competitors. Such transferee will be a Developer's Principal and as such shall execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same form as the Covenants attached hereto as Exhibit 2. Franchisor also reserves the right to designate the transferee as one of Developer's Controlling Principals.

ARTICLE VIII. **DEFAULT AND TERMINATION**

8.1 Developer and each of the Controlling Principals acknowledge and agree that each of Developer's obligations described in this Development Agreement is a material and essential obligation of Developer; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of any or all of the rights and remedies set forth herein is appropriate and reasonable in order to protect the legitimate interests of the Franchisor and the System.

8.2 Developer shall be deemed to be materially in default under this Development Agreement, and all rights granted herein shall automatically terminate without notice to Developer (i) if Developer or any of its owners or guarantors (collectively, the "Developer Parties") becomes insolvent or makes a general assignment for the benefit of creditors; (ii) if any of the Developer Parties 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; (iii) if any of the Developer Parties is adjudicated bankrupt or insolvent in proceedings filed against them under any section or chapter of federal bankruptcy law or any similar law or statute of the United States or any state; (iv) 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; (v) if proceedings for a composition with creditors under any state or federal law are instituted by or against Developer; (vi) if a final judgment against Developer or any Controlling Principal remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); (vii) if Developer is dissolved; (viii) if execution is levied against Developer's business or property; (ix) 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 (x) if the real or personal property of any business operated hereunder or under any Franchise Agreement between Developer and/or its affiliates and Franchisor and/or any of the Eggspectation Companies shall be sold after levy by any sheriff, marshal or constable.

8.3 Developer shall be deemed to be materially in default under this Development Agreement and Franchisor may, at its option, terminate this Development 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:

8.3.1 If Developer fails to comply with the Development Schedule;

8.3.2 If Developer fails to execute each Franchise Agreement in accordance with Section 1.1 hereof;

8.3.3 If Developer or any of the Controlling Principals 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, or commits any act, 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, including, without limitation, acts of harassment or discrimination;

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

8.3.5 If Developer or any of the Controlling Principals breaches in any material respect any of the representations, warranties, covenants and agreements in Section 6.2 hereof;

8.3.6 If Developer or any of the Controlling Principals Transfers or attempts to Transfer any Interest to any third party without Franchisor's prior written consent or without complying with all applicable provisions of Article VII hereof;

8.3.7 If Developer or any of the Controlling Principals fails to comply with the covenants in Sections 9.1, 9.2 or 9.3, or if Developer fails to obtain the execution of the Covenants required under Section 9.8 within thirty (30) days following Franchisor's request that Developer obtain the execution of such Covenants;

8.3.8 If an approved Transfer upon death or permanent disability of Developer or a Controlling Principal is not effected within the time period and in the manner prescribed by Section 7.8;

8.3.9 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;

8.3.10 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 Development 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 to such failure to pay);

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

8.3.12 If Developer or any of the Controlling Principals repeatedly commits a material event of default under this Development 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.

8.4 Except as provided above in Section 8.3, if Developer fails to comply with any other term or condition imposed by this Development Agreement, or any Franchise Agreement or other agreement between Developer and Franchisor and/or any of the Eggspectation Companies, Franchisor may terminate this Development 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 8.5, Developer's rights under this Development 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.

8.5 Upon default by Developer under Section 8.3 or 8.4, Franchisor has the option, in its sole discretion, in addition to exercising its option to terminate this Development Agreement as provided in Sections 8.3 and 8.4, to do any one or more of the following:

8.5.1 terminate or modify any territorial rights granted to Developer in Article I;

8.5.2 reduce the area of such territorial rights;

8.5.3 reduce the number of Developer Restaurants which Developer may establish pursuant to Section 3.1;

8.5.4 accelerate the Development Schedule;

8.5.5 charge a late fee equal to 5% of forecasted monthly revenue for each month for which Franchisee is in default; and/or

8.5.5 pursue any other remedy Franchisor may have at law or in equity.

8.6 Upon the termination or expiration of this Development Agreement for any reason, Developer shall have no right to develop, 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.

8.6.1 If Franchisor elects to modify or reduce Developer's territorial rights or the number of Developer Restaurants, and/or to accelerate the Development Schedule, pursuant to Section 8.5 above, Developer shall continue to develop Eggspectation Restaurants in accordance with the Development Schedule (as modified, if applicable), subject to any modifications or reductions pursuant to Section 8.5.

8.6.2 If Franchisor exercises any of its rights in Section 8.5, or if this Development Agreement otherwise expires or terminates, Franchisor shall be entitled to establish, and to license others to establish, Restaurants in the Territory (including any portion of the geographic area no longer part of the Territory) except as may otherwise be provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

8.7 Franchisor's exercise of any of its options under Section 8.5 shall not, in the event of a default, constitute a waiver by Franchisor of its right to exercise its option to terminate this Development Agreement at any time with respect to a subsequent event of default of a similar or different nature.

8.8 No default under this Development 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.

8.9 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.

8.10 Upon termination or expiration of this Development Agreement for any reason, Developer and the Controlling Principals shall comply with the restrictions on confidential information contained in Section 9.2 and the covenants against competition contained in Section 9.4. Any other person required to execute similar covenants pursuant to Section 9.8 shall also comply with such covenants.

ARTICLE IX. **COVENANTS**

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

9.2 Developer and the Controlling Principals hereby covenant and agree that, neither Developer nor any Controlling Principal shall, (i) during the term of this Development Agreement, communicate or divulge to, or use for the benefit of, any other person or entity other than Developer (and then, solely in furtherance of the development of the Developer Restaurants in accordance with the provisions of this Development Agreement) and/or Franchisor, any Confidential Information, or (ii) at any time after the termination or expiration of this Development Agreement, communicate or divulge to, or use for the benefit of, any person other than Franchisor, any Confidential Information. For purposes of this Development Agreement, "Confidential Information" means all confidential and proprietary information relating to the System and/or concerning the methods of development and operation of an Eggspectation Restaurant that may be communicated to Developer and/or the Controlling Principals or of which the Developer and/or the Controlling Principals may be apprised in connection with the Developer Restaurants and/or the System, including, without limitation, all Trade Secrets, the contents of the Manuals (as defined in Article XV hereof), all operational and sales methods and techniques, all information, knowledge, know-how and materials used in or related to the System, and any and all other information and materials that Franchisor provides to Developer in connection with this Development Agreement. Developer and the Controlling Principals shall divulge such Confidential Information only to Developer's principals and/or employees who must have access to it in order to develop the Developer's Restaurants in accordance with and subject to terms and conditions of this Development Agreement. Neither Developer nor the Controlling Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise disclose or make the same available to any person, except as expressly provided and permitted under this Development Agreement. The covenants in this Section 9.2 shall survive the expiration, termination or Transfer of this Development Agreement or any interest herein and shall be perpetually binding upon Developer and each of the Controlling Principals. The Manuals and all other Confidential Information shall at all times remain the sole property of Franchisor.

9.3 Developer and the Controlling Principals specifically acknowledge that, pursuant to this Development Agreement, Developer and the Controlling Principals will receive valuable training, trade secrets and other Confidential Information that are beyond the present skills and experience of Developer and the Controlling Principals and Developer's employees and other personnel. Developer and the Controlling Principals acknowledge that such specialized training, trade secrets and other Confidential Information provide a competitive advantage and will be valuable to them in the development of Developer's Restaurants, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why they are entering into this Development Agreement. In consideration for access to such specialized training, trade secrets and other Confidential Information, Developer and the Controlling Principals covenant that with respect to Developer, during the term of this Development Agreement (or with respect to each of the Controlling Principals, during the term of this Development Agreement for so long as such individual or entity satisfies the definition of "Controlling Principals" as set forth in Article XV hereof), except as otherwise approved in writing by Franchisor, neither Developer nor any of the Controlling Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity:

9.3.1 divert or attempt to divert any business, business opportunity, or customer of any Developer Restaurant (or any other Eggspectation Restaurant) to any competitor of such Restaurant or the System or to any other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the Marks and the System.

9.3.2 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity located within the United States, its territories or commonwealths, or elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks, which business or activity is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu substantially similar to the Eggspectation breakfast, brunch, lunch and dinner menu items (as modified from time to time).

9.4 In consideration for the specialized training, trade secrets, Confidential Information and rights described in Section 9.3, Developer and the Controlling Principals covenant and agree that (i) with respect to Developer, and for a continuous uninterrupted period of two (2) years commencing upon the expiration, termination of, or Transfer of all of Developer's interest in, this Development Agreement, or (ii) with respect to each of the Controlling Principals, commencing upon the earlier of: (1) the expiration, termination of, or transfer of all of Developer's interest in this Development Agreement or (2) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as set forth in Article XV hereof, and continuing for a continuous uninterrupted period of two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Developer nor any of the Controlling Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person or entity:

9.4.1 divert or attempt to divert any business, business opportunity, or customer of any Developer Restaurant (or any other Eggspectation Restaurant) to any competitor of such Restaurant or the System or to any other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the Marks and the System.

9.4.2 employ or solicit for employment any person who is at the time, or was within the preceding ninety (90) days, employed by Franchisor, any of the Eggspectation Companies, or any of the System's franchisees or area developers, or otherwise directly or indirectly induce or attempt to induce any person to leave that person's employment or other business relationship with the Franchisor, the Eggspectation Companies or the System's franchisees or area developers, or to otherwise terminate, reduce or change his/her/its employment or other business relationship with the Franchisor, any of the Eggspectation Companies, or any of the System's franchisees or area developers.

9.4.3 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity located within the United States, its territories or commonwealths, or elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks, which business or activity (i) is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu substantially similar to the Eggspectation breakfast, brunch, lunch and dinner menu items (as modified from time to time), and (ii) is or is intended to be located within a ten (10) mile radius of any Eggspectation Restaurant in existence or under construction as of the date hereof and the date of expiration, termination or cessation, as permitted by applicable law.

9.5 Sections 9.3.2 and 9.4.3 shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

9.6 The parties acknowledge and agree that each of the covenants contained in this Article IX are reasonable 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 of the System and the 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 Development Agreement. If all or any portion of a covenant in this Article 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 and the Controlling Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Article IX.

9.7 Developer and the Controlling Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Development Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article IX. Developer and the Controlling Principals agree to pay all costs and expenses (including attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article IX.

9.8 Developer shall require and obtain execution of the Covenants from its employees and other personnel who have received or will have access to training from Franchisor and/or any Confidential Information. All of Developer's Principals not required to sign this Development Agreement as a Controlling Principal also must execute such Covenants. Developer shall require and obtain from its consultants and advisor who have received or will have access to any Confidential Information execution of confidentially covenants substantially similar to the confidentiality covenants set forth in the Covenants. Developer shall, from time to time, deliver copies of all executed Covenants required hereunder within ten (10) business days following commencement of such person's employment or other relationship with Developer. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or the scope of any covenant or to eliminate such covenant altogether for any party that is required to execute such agreement under this Article IX.

9.9 Developer and the Controlling Principals acknowledge and agree that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Article IX, or any portion thereof, without their consent, effective immediately upon notice to Developer; and Developer and the Controlling Principals agree that they shall immediately comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 14.2 hereof.

9.10 Failure to comply with the requirements of this Article IX shall constitute a material event of default under this Development Agreement. Developer and the Controlling Principals acknowledge that a violation of this Article would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or the Controlling Principals in violation of the terms of this Article IX. Developer and the Controlling Principals agree to pay all attorney's fees and court costs and expenses incurred by Franchisor in obtaining specific performance, injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Article IX.

ARTICLE X. **RELATIONSHIP OF PARTIES**

10.1 The parties acknowledge and agree that this Development Agreement does not create a fiduciary relationship between them, that Developer shall be an independent contractor and that nothing in this Development 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.

10.2 During the term of this Development Agreement, Developer shall hold itself out to the public as an independent contractor conducting its development operations pursuant to development rights granted by Franchisor. Developer agrees to take such actions as Franchisor shall request to facilitate the foregoing.

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

ARTICLE XI. **INDEMNIFICATION**

11.1 Developer and each of the Controlling Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor and all other Franchisor Parties from and against any and all "Losses and Expenses" (as defined in Section 11.5 hereof) 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) (each, a "Claim"), arising out of or relating to any of the following:

11.1.1 The infringement, alleged infringement, or any other violation or alleged violation by Developer and/or any Controlling Principal of any patent, mark or copyright or other proprietary right owned or controlled by a third party (except as such may occur with respect to any rights to use the Marks granted to Developer under this Development Agreement or any Franchise Agreement);

11.1.2 The violation, breach or asserted violation or breach by Developer and/or any of the Controlling Principals of any federal, state or local law, rule, regulation, order, directive or any applicable industry standard;

11.1.3 Libel, slander or any other form of defamation of Franchisor, the Eggspectation Companies, the System or any franchisee or developer operating under the System, by Developer, its affiliates and/or any of the Controlling Principals;

11.1.4 The violation or breach by Developer and/or any of the Controlling Principals of any warranty, representation, covenant, agreement or obligation under this Development Agreement or any other agreement between Developer and/or any of its affiliates and Franchisor and/or any of the Eggspectation Companies; and

11.1.5 Acts, errors, or omissions of Developer, any of its affiliates, successors or assigns, or any of the Controlling Principals and/or the directors, officers, shareholders, members, partners, managers, agents, representatives, independent contractors, servants and employees of Developer and/or its affiliates (collectively, the "Developer Parties") in connection with the establishment and operation of the Developer Restaurants.

11.2 Developer and each of the Controlling Principals agree to give Franchisor immediate written notice of any Claim. At the expense and risk of Developer and each of the Controlling Principals, Franchisor shall have the right and authority, but not the obligation, to assume control of, and/or select counsel of its own choosing with respect to, the defense and/or settlement of any such Claim. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer and each of the Controlling Principals to indemnify the Franchisor and all of the Franchisor Parties and to hold them harmless.

11.3 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 Claim if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

11.3.1 any of the acts or circumstances enumerated in Sections 11.1.1, 11.1.2, 11.1.3 and 11.1.4 have occurred; or

11.3.2 any act, error, or omission as described in Section 11.1.5 may result directly or indirectly in damage, injury, or harm to any person or any property.

11.4 All Losses and Expenses incurred by Franchisor and/or any of the Eggspectation Companies under this Article XI shall be chargeable to and paid by Developer and/or the Controlling Principals pursuant to their obligations of indemnity under this Article XI, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

11.5 For purposes of this Article XI, "Losses and Expenses" shall include, without limitation, all losses, damages (including consequential, compensatory and exemplary damages), fines, charges, costs, expenses, lost profits, legal fees, court costs, settlement amounts and judgments. Without in any way limiting the foregoing, Losses and Expenses include 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.

11.6 Neither the Franchisor nor any of the Franchisor Parties assume any liability whatsoever for acts, errors, or omissions of any third party with whom Developer, the Controlling Principals or any other Developer Parties may contract, regardless of the purpose. Developer and each of the Controlling Principals shall hold harmless and indemnify the Franchisor and the Franchisor Parties from and against all Losses and Expenses that result from or arise out of any acts, errors or omissions of Developer, the Controlling Principals, any of the other Developer Parties or 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 in connection therewith, and whether such negligence be sole, joint or concurrent, or active or passive.

11.7 Under no circumstances shall the Franchisor or any of the Franchisor Parties be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Developer or any of the Controlling Principals. Developer and each of the Controlling Principals agree that the failure to pursue such recovery or to mitigate losses will in no way reduce the amounts recoverable from Developer or any of the Controlling Principals by the Franchisor and/or any of the Franchisor Parties.

11.8 Developer and the Controlling Principals expressly agree that the terms of this Article XI shall survive the termination or expiration of this Development Agreement or the Transfer of any interest herein.

ARTICLE XII. **ARBITRATION**

12.1 Subject to the provisions contained in this Article XII, the parties agree to submit any and all claims, controversies and disputes between the parties arising out of or relating to this Development Agreement (including all Schedules and Exhibits attached hereto) and/or the relationship created by this Development Agreement (each, a "Dispute") to binding arbitration in accordance with the Arbitration Guidelines of Franchise Arbitration and Mediation Services ("FAM"), or, if FAM ceases to exist, the American Arbitration Association ("AAA"), or a comparable organization if FAM and the AAA both cease to exist. The arbitration shall be conducted in Baltimore, Maryland by a single arbitrator (who shall be agreed upon by the parties) experienced in the arbitration of disputes between franchisors and Developers. Any arbitration will be conducted on an individual basis and not on a consolidated or class-wide basis. If the parties are unable to agree on an arbitrator within fifteen (15) days following delivery from either party of a notice of such party's desire to submit the Dispute to arbitration, the arbitrator shall be selected in accordance with FAM's Arbitration Guidelines, as amended, except that the arbitrator shall apply the Federal Rules of Evidence during the conduct of the hearing with respect to the admissibility of evidence. If such rules conflict in any way with the provisions of this Development Agreement, the terms of this Development Agreement shall control. The arbitrator shall apply Maryland law for purposes of arbitrating the Dispute.

12.2 The costs and expenses of the arbitration, including compensation and expenses of the arbitrator (excluding the attorneys' fees and other professional fees incurred by either party), shall be borne by the parties equally; provided, that the arbitrator may award costs and fees (including attorneys' fees) to the prevailing party, if any.

12.3 Notwithstanding anything herein, the mandatory arbitration provision of Section 12.1 shall not apply to actions by either party for preliminary or temporary injunctive relief or actions, which under applicable law, are not permitted to be arbitrated.

12.4 Only Disputes involving Developer and the Controlling Principals may be brought under this Article XII. No claim for or on behalf of any other Developer or other party may be brought by Developer or the Controlling Principals hereunder.

12.5 The parties hereto recognize, and any arbitrator is affirmatively advised, that certain provisions of this Agreement describe Franchisor's right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the Eggspectation® System. Where such discretion has been exercised, and is supported by our business judgment, no arbitrator may substitute his or her judgment for the judgment so exercised by Franchisor.

12.6 Both parties waive, to the greatest extent permitted by law, its right to seek or be awarded punitive or exemplary damages by an arbitrator, except that Franchisor may seek and obtain an award against Developer of trebled damages for trademark infringement should Developer continue to use the Marks after termination of the Development Agreement.

12.7 The foregoing provisions notwithstanding, if any court finds that the punitive damages limitation or class action waiver contained in this Article XII is unconscionable or otherwise unenforceable, then either party may require a dispute otherwise subject to this Article XII to be decided by a court in accordance with the terms of this Agreement without first submitting the dispute to arbitration.

12.8 DEVELOPER, THE CONTROLLING PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING GOVERNING LAW AND FORUM SET FORTH IN SECTION 20.1 HEREOF PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND DISPUTES ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF DEVELOPER, THE CONTROLLING PRINCIPALS AND FRANCHISOR FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT TO COMPLY WITH THE PROVISIONS OF SECTION 20.1 HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

12.9 **THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER WITH RESPECT TO ANY AND ALL MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.** This waiver is a material inducement for Franchisor to enter into this Agreement.

12.10 A party that is successful in enforcing its rights under this Agreement through commencement of an action in arbitration will be awarded its costs (including charges for investigation and preparation, expert witness, the arbitrator and the arbitration administrator) and reasonable attorney fees incurred in such arbitration.

12.11 This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

12.12 The provisions in this Article XII are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this Article XII will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with applicable law.

ARTICLE XIII. <u>GENERAL DISPUTE RESOLUTION PROVISIONS</u>

13.1 With respect to any Dispute not subject to arbitration under Article XII, above, FRANCHISOR, DEVELOPER AND ALL CONTROLLING PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND OR ANY MARYLAND STATE COURT HAVING JURISDICTION OVER THE SUBJECT MATTER OF THE DISPUTE. EACH PARTY HEREBY CONSENTS TO THE EXERCISE OF PERSONAL JURISDICTION BY ANY SUCH COURT WITH RESPECT TO ANY SUCH PROCEEDING. **EACH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT.**

13.2 DEVELOPER AND THE CONTROLLING PRINCIPALS ACKNOWLEDGE AND UNDERSTAND THAT FRANCHISOR MAY GRANT DEVELOPMENT RIGHTS TO NUMEROUS DEVELOPERS THROUGHOUT THE UNITED STATES ON TERMS AND CONDITIONS SIMILAR TO THOSE SET FORTH IN THIS DEVELOPMENT AGREEMENT, AND THAT IT IS OF MUTUAL BENEFIT TO DEVELOPER, THE CONTROLLING PRINCIPALS AND FRANCHISOR THAT SUCH TERMS AND CONDITIONS BE UNIFORMLY INTERPRETED. ACCORDINGLY, THE PARTIES HEREBY AGREE THAT, UNLESS *[INSERT DEVELOPER'S STATE OF RESIDENCE OR FORMATION]* LAW REQUIRES THAT THE APPLICABLE PROVISIONS OF *[INSERT DEVELOPER'S STATE OF RESIDENCE OR FORMATION]* LAW SHALL GOVERN, THIS DEVELOPMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND.

13.3 FRANCHISOR AND DEVELOPER AGREE THAT ALL LEGAL PROCEEDINGS BETWEEN THE PARTIES AND/OR ANY OF THEIR OWNERS, OFFICERS, DIRECTORS AND AFFILIATES ("RELATED PARTIES") WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS AND THAT ANY LEGAL PROCEEDINGS BETWEEN FRANCHISOR AND DEVELOPER AND/OR ANY OF THEIR RELATED PARTIES WILL NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING INVOLVING FRANCHISOR AND ANY OTHER PARTY.

13.4 DEVELOPER, THE CONTROLLING PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING GOVERNING LAW, JURISDICTION AND VENUE SET FORTH IN SECTIONS 13.1 AND 13.2 HEREOF 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 DEVELOPER, THE CONTROLLING PRINCIPALS AND FRANCHISOR FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING GOVERNING LAW, JURISDICTION AND VENUE HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

13.5 DEVELOPER AND THE CONTROLLING PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE 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 AND THE FRANCHISOR PARTIES, 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 AND THE CONTROLLING PRINCIPALS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. 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.

ARTICLE XIV. **NOTICES**

Any and all notices, requests, demands and other communications required or permitted under this Development Agreement shall be in writing and shall be deemed to have been duly given if hand-delivered, delivered by delivery service that provides evidence of delivery, sent by facsimile transmission or mailed by certified or registered mail, postage pre-paid as follows:

If to Franchisor: Eggspectation Restaurants, LLC
16 West Madison Street
Baltimore, Maryland 21201
Facsimile: (443) 573-3040
Attention: P.J. Haviland

With a copy to: David L. Cahn
Whiteford, Taylor & Preston, LLP
Seven Saint Paul Street, Suite 1500
Baltimore, Maryland 21202
Facsimile: (410) 234-2312

If to Developer and
Controlling Principals:

____
____
____
Attention: ____________
Facsimile: ____________

A notice shall be effective when delivered, if delivered personally or by delivery service, upon receipt of written verification of successful facsimile transmission, or three (3) business days after being mailed.

ARTICLE XV. **MISCELLANEOUS**

15.1 Entire Agreement. This Development Agreement (including all Schedules and Exhibits attached hereto) and the agreements and documents referred to herein and all agreements executed simultaneously herewith, contain the entire, full and complete agreement and understanding among the Developer, the Controlling Principals and the Franchisor with respect to the subject matter hereof, including, without limitation, the Developer Restaurants, and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written; however, nothing in this Development Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document provided to Developer by Franchisor in connection with this Development Agreement.

15.2 Amendment; Waiver. Except as otherwise expressly provided in this Development Agreement, no amendment, modification or waiver of this Development Agreement shall be binding unless executed in writing by both parties hereto, or in the case of a waiver, by the party granting such waiver. No waiver of any provision of this Development Agreement shall constitute a waiver of any other provision of this Development Agreement, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing. No failure of a party to exercise any power reserved to it by this Development Agreement, or to insist upon strict compliance by the other party with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of such party's right thereafter to demand exact compliance with any of the terms herein. Waiver by a party of any particular default by the other party shall not affect or impair such party's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of a party to exercise any power or right arising out of any breach or default by the other party of any of the terms, provisions, or covenants hereof, affect or impair such party's right to exercise the same. 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 or the Controlling Principals of any provision of this Development Agreement.

15.3 Franchisor Consent. Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor, and such approval or consent must be obtained in writing. 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 consent, waiver, approval, advice, or suggestion to Developer in connection with this Development Agreement, or by reason of any delay in acting on or its denial of any request therefore.

15.4 Captions. All captions in this Development Agreement are intended solely for the convenience of the parties, and none shall be deemed to limit, modify or affect the meaning or construction of any provision hereof nor shall such captions otherwise be given any legal effect.

15.5 Survival. Any obligation of Developer or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Development Agreement, or after the Transfer of any Interest, shall be deemed to survive such termination or expiration of this Development Agreement, or Transfer of such Interest, as the case may be.

15.6 Severability. If any provision or part of any provision of this Development Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Development Agreement, and this Development Agreement shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof shall be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

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

15.8 Remedies. All rights and remedies of the parties to this Development Agreement shall be cumulative and not alternative, and shall be in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity. The rights and remedies of the parties to this Development 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 or termination of this Agreement, or exercise of Franchisor's rights pursuant to Article VIII hereof, shall not discharge or release Developer or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or termination of this Agreement, or Franchisor's exercise of its rights pursuant to Article VIII of this Development Agreement.

15.9 Third Party Beneficiaries. Except as otherwise expressly provided in this Development Agreement, nothing in this Development Agreement is intended, nor shall be deemed, to confer upon any individual or entity other than Developer, Franchisor and the Franchisor Parties any rights or remedies under or as a result of this Development Agreement.

15.10 Counterparts. This Development Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement. This Development Agreement may be executed and delivered via facsimile transmission with the same force and effect as if it were executed and delivered by the parties in the presence of one another.

15.11 Force Majeure. In the event of acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophes beyond either party's control, which cannot be overcome by use of normal commercial measures (a "Force Majeure"), the party impacted thereby shall not be held liable for a failure to comply with any terms and conditions of this Agreement to the extent such failure is caused by the Force Majeure event. However, upon the occurrence of any Force Majeure event, the party affected thereby must give prompt written notice thereof to the other party, together with a description of the event. As soon as is practicable thereafter, the affected party must provide in writing a commercially reasonable plan for resuming compliance with its obligations under this Agreement. The affected party must thereafter promptly undertake and execute that plan with due diligence.

ARTICLE XVI. **ACKNOWLEDGMENTS**

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

Initials ___________

16.2 Developer acknowledges that Developer has received, read and understands this Development Agreement and the attached Schedules and Exhibits and that Franchisor has afforded Developer sufficient time and opportunity to consult with advisors selected by Developer about the potential benefits and risks of entering into this Development Agreement.

Initials ___________

16.3 Developer acknowledges that it received a complete copy of this Development Agreement and all attached Schedules and Exhibits at least five (5) business days prior to the date on which this Development Agreement was executed. Developer further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least ten (10) business days prior to the date on which this Development Agreement was executed.

Initials ___________

ARTICLE XVII. **DEFINITIONS**

17.1 "Controlling Principals" means and includes, collectively and individually, all Developer's Principals who are designated by Franchisor from time to time as a Controlling Principal hereunder. The Controlling Principals as of the Effective Date are identified on Schedule B.

17.2 "Developer's Principals" means and includes, collectively and individually, (i) Developer's spouse, if Developer is an individual, (ii) all directors, officers and key personnel of Developer (including the directors, officers and key personnel of any entity that directly or indirectly controls Developer) whom Franchisor designates as Developer's Principals, and (iii) all holders of an ownership interest in Developer and/or of any entity that directly or indirectly controls Developer, and any other person or entity controlling, controlled by or under common control with Developer. The Developer's Principals as of the Effective Date are identified on Schedule B.

17.3 "Manuals" means the Franchisor's Operating Manual containing the official operating standards, specifications and procedures prescribed by Franchisor from time to time for the operation of an Eggspectation Restaurant, and such other written materials as Franchisor shall develop for use in the System, all as may be revised, amended and/or supplemented from time to time.

17.4 "Publicly-held corporation" means 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Development Agreement as of the Effective Date.

FRANCHISOR:

EGGSPECTATION RESTAURANTS, LLC, a Maryland limited liability company

ATTEST:

____
Witness

By:______________________________
Name:____________________________
Title:_____________________________
Date Accepted:_____________________

DEVELOPER:

____
Witness

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

ACKNOWLEDGED AND AGREED:

CONTROLLING PRINCIPALS:

________________________ Date: ________________________
Name:
Title (if applicable):

________________________ Date: ________________________
Name:
Title (if applicable):

________________________ Date: ________________________
Name:
Title (if applicable):

SCHEDULE A

"Developer Restaurants; Territory; Development Schedule"

1. Developer Restaurants:

Developer is hereby granted the right, and hereby accepts the obligation, to develop _____ (___) Eggspectation Restaurants pursuant to the provisions of the Development Agreement and in accordance with the Development Schedule.

2. Territory:

The Developer's Territory for purposes of the Development Agreement shall include ____.

3. Development Schedule:

Developer is obligated to develop the Developer Restaurants in accordance with the following Development Schedule:

Number of Restaurants to be opened and operating:	**Date by which Restaurants are to be opened and operating:**	**Date Restaurant(s) Opened**

FRANCHISOR:

EGGSPECTATION RESTAURANTS, LLC

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

DEVELOPER:

____
(Name of Developer)

By:______________________________
Name:____________________________
Title:_____________________________
Date:_____________________________

SCHEDULE B

STATEMENT OF OWNERSHIP INTERESTS; DEVELOPER'S PRINCIPALS; DEVELOPER'S CONTROLLING PRINCIPALS

1. The following is a list of stockholders, partners or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest

2. The following is a list of all of Developer's Principals not otherwise identified in item 1 above:

Name	Relationship to Developer

3. The following is a list of Developer's Principals designated by Franchisor as Controlling Principals:

Name

FRANCHISOR:	DEVELOPER:
EGGSPECTATION RESTAURANTS, LLC	______________________________ (Name of Developer)
By:__________________________	By:__________________________
Name:________________________	Name:________________________
Title:_________________________	Title:_________________________
Date:_________________________	Date:_________________________

EGGSPECTATION RESTAURANTS

<u>EXHIBIT 1 TO AREA DEVELOPMENT AGREEMENT</u>

FRANCHISE AGREEMENT

(See Exhibit C to the Franchise Disclosure Document)

EGGSPECTATION RESTAURANTS
EXHIBIT 2 TO AREA DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This **CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE** (the "Agreement") is entered into this ____ day of _________, 20__ by and among ____________, a ________ ________("Individual"), EGGSPECTATION RESTAURANTS, LLC, a Maryland limited liability company ("Franchisor"), and ______________, a _________ _________ ("Developer").

RECITALS

WHEREAS, Franchisor has acquired and owns a unique and distinctive concept and system ("System") relating to the establishment and operation of casual full service restaurants (each, an "Eggspectation Restaurant") serving all "breakfast" style food, specializing in gourmet style egg dishes for breakfast and brunch, as well as a full menu for lunch and dinner, and a full-service bar.

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

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 mark "Eggspectation" and such other trade names, service marks and trademarks as are now designated (and may hereafter be designated by Franchisor) for use in connection with the System (the "Marks").

WHEREAS, Franchisor deems all information relating to the System and/or concerning the methods of operation of an Eggspectation Restaurant under the System, including, without limitation, the Trade Secrets, the contents of the Franchisor's Manual (as defined in the Development Agreement), all information, knowledge, know-how, techniques, methods and materials used in or related to the System, all operational, sales and marketing methods and techniques, and any and all other information that Franchisor provides to its franchisees and area developers in connection with its franchise agreements and area development agreements to be confidential and proprietary (the "Confidential Information").

WHEREAS, the Marks and Confidential Information provide economic advantages to Franchisor and the Confidential Information is not generally known to, and is not readily ascertainable by proper means by, Franchisor's competitors or the general public who could obtain economic value from knowledge and use of the Confidential Information.

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information.

WHEREAS, pursuant to the terms of that certain Development Agreement dated _________, 20__ by and between Franchisor and Developer (the "Development Agreement"), Franchisor has granted Developer the right to develop Eggspectation Restaurants (the "Restaurants") under the System and the Marks.

WHEREAS, Franchisor and Developer acknowledge the importance and necessity of restricting access to and the use and dissemination of the Confidential Information in order to protect the business interests of Franchisor, Developer and other developers and franchisees under the System.

WHEREAS, it is necessary for certain owners, employees and other personnel of Developer to be granted access to some or all of the Confidential Information in connection with the development of the Restaurants.

WHEREAS, for purposes of protecting the Confidential Information and the System against unfair competition, Developer has agreed to obtain, and the Development Agreement requires Developer to obtain, from such owners, employees and other personnel of Developer who are granted access to some or all of the Confidential Information, written agreements prohibiting, among other things, the unauthorized use and/or disclosure of any Confidential Information.

WHEREAS, Individual is and desires to remain, or desires to become, related to, associated with or employed by Developer, and in connection with such association or employment, desires and requires access to the Confidential Information in order to effectively fulfill his/her/its obligations and duties to Developer.

WHEREAS, Individual acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Individual herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Recitals.** The Recitals are a substantive part of this Agreement and are hereby incorporated herein by reference.

2. **Confidentiality.** In consideration for (i) Individual's employment or association, or continued employment or association, with Developer, and (ii) disclosure of Confidential Information to Individual, and in order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information, including the Trade Secrets, Individual hereby acknowledges and/or covenants and agrees as follows:

2.1 All Manuals are loaned by Franchisor to Developer 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.

2.2 Individual will receive any and all Confidential Information in confidence, and will use the same only in the course of his/her/its employment or association with Developer, and then only in connection with the development of the Restaurants for so long as Developer is authorized to develop Restaurants pursuant to the Development Agreement.

2.3 Except as otherwise expressly provided under this Agreement, Individual will not, during the term of his/her/its employment or association with Developer, or at any time thereafter, communicate or divulge to, or use for the benefit of, any other person or entity other than Developer, Franchisor or the principals of either of the foregoing parties any Confidential Information.

2.4 Individual will communicate or disclose Confidential Information only to those employees or principals of Developer who must have access to such information in order to fulfill his/her/its duties and obligations to Developer in connection with the development of the Restaurants under the System, and then, only to the limited extent necessary to permit such employee or principal to fulfill such duties and obligations.

2.5 Individual will not, at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise disclose or make the same available to any person, except as expressly provided and permitted under this Agreement.

2.6 Individual will surrender any and all materials (including all copies thereof) containing any Confidential Information to Developer or Franchisor, upon request, or upon termination of the Individual's employment or association with Developer, or upon conclusion of the use for which such information or material may have been furnished to Individual.

2.7 Individual will not at any time, directly or indirectly, do any act or omit to do any act that will, or is reasonably likely to, be injurious or prejudicial to the goodwill associated with the Confidential Information and/or the System.

3. **Non-Competition.** In consideration for (i) Individual's employment or association, or continued employment or association, with Developer, and (ii) disclosure of Confidential Information to Individual, and in order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information, including the Trade Secrets, Individual hereby acknowledges and/or covenants and agrees as follows:

3.1 Individual will not, at any time during the term of his/her/its employment or association with Developer, either directly or indirectly, for himself/herself/itself or through, on behalf of or in conjunction with any person or entity:

3.1.1 divert or attempt to divert any business, business opportunity, or customer of any Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System or to any other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the System or the Confidential Information, including the Trade Secrets.

3.1.2 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity located within the United States, its territories or commonwealths, or elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks, which business or activity is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu substantially similar to the Eggspectation breakfast, brunch, lunch and dinner menu items (as modified from time to time).

3.2 Individual will not, for a period of twenty-four (24) months following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any Confidential Information, either directly or indirectly, for himself/herself/itself or through, on behalf of or in conjunction with any person or entity:

3.2.1 divert or attempt to divert any business, business opportunity, or customer of any Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System or to any other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the System or the Confidential Information, including the Trade Secrets.

3.2.2 employ or seek to employ any person who is at the time, or was within the preceding ninety (90) days, employed by Franchisor or any of its affiliates, by Developer or any of its affiliates, or by any of the System's franchisees or area developers, or otherwise directly or indirectly induce or attempt to induce any person to leave that person's employment or other business relationship with the Franchisor or its affiliates, the Developer or its affiliates or any of the System's franchisees or area developers, or to otherwise terminate, reduce or change his/her/its employment or other business relationship with the Franchisor or any of its affiliates, the Developer or any of its affiliates, or any of the System's franchisees or developers.

3.2.3 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity located within the United States, its territories or commonwealths, or elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks, which business or activity is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu substantially similar to the Eggspectation breakfast, brunch, lunch and dinner menu items (as modified from time to time), and (ii) is or is intended to be located at the physical location or within a ten (10) mile radius of any Eggspectation Restaurant in existence or under construction.

3.3 Sections 3.1.2 and 3.2.3 will not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

4. **Acknowledgment.** Individual acknowledges and agrees that each of the restrictive covenants contained in Section 2 and Section 3 of this Agreement are reasonable as to time, geographical area, and scope of activity and do not impose a greater restraint than is necessary to protect the goodwill of the System and the business interests of Franchisor and Developer. The parties agree that each of these covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant set forth in Section 2 or Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor and/or Developer is a party, the parties hereto 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 Section 2, or Section 3, as the case may be.

5. **Remedies.** Individual hereby acknowledges and agrees that if he/she/it breaches any of the covenants set forth in Section 2 or Section 3 of this Agreement, Franchisor and/or Developer may suffer immediate and irreparable harm for which monetary damages alone will not be a sufficient remedy. Accordingly, Individual hereby agree that, in addition to all other remedies Franchisor and/or Developer may have under this Agreement, at law or in equity, Franchisor and/or Developer will be entitled to seek injunctive relief, specific performance or any other form of equitable relief to remedy any such breach or threatened breach. Individual agrees to pay all expenses, court costs and reasonable attorneys' fees incurred by Franchisor and/or Developer in connection with the enforcement of any provision of Section 2 and/or Section 3, including obtaining injunctive relief or specific performance.

6. **Indemnification.** INDIVIDUAL WILL, AT ALL TIMES, INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW FRANCHISOR AND/OR DEVELOPER FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES (INCLUDING, CONSEQUENTIAL, COMPENSATORY AND EXEMPLARY DAMAGES), FINES, CHARGES, COSTS, EXPENSES, LEGAL FEES, COURT COSTS, SETTLEMENT AMOUNTS AND JUDGMENTS ARISING OUT OF OR RESULTING FROM INDIVIDUAL'S BREACH OF ANY OF HIS/HER/ITS COVENANTS, AGREEMENTS OR OBLIGATIONS UNDER THIS AGREEMENT.

7. **Miscellaneous.**

7.1 Notices. Any and all notices, requests, demands and other communications required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given if hand-delivered, delivered by delivery service that provides evidence of delivery, or mailed by certified or registered mail, postage pre-paid, to the respective party as follows:

If to Franchisor: Eggspectation Restaurants, LLC
16 West Madison Street
Baltimore, Maryland 21201
Facsimile: (443) 573-3040
Attention: P.J. Haviland

With a copy to: David L. Cahn
Whiteford, Taylor & Preston, LLP
Seven Saint Paul Street, Suite 1500
Baltimore, Maryland 21202
Facsimile: (410) 234-2312

If to Developer: ______________________
____
____
Attention: __________

If to Individual: ______________________
____
____

or to such other address as a party will designate in writing to the other parties. A notice will be effective when delivered, if delivered personally or by delivery service, or three (3) business days after being mailed.

7.2 Entire Agreement. This Agreement (together with the Development Agreement) constitutes the entire agreement among the parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions of the parties, whether oral or written.

7.3 Amendment; Waiver. No amendment, modification or waiver of this Agreement will be binding unless consented to in writing by all parties, or in the case of a waiver, by the party granting such waiver. No waiver of any provision of this Agreement will constitute a waiver of any other provision of this Agreement, whether or not similar, nor will such waiver constitute a continuing waiver unless otherwise expressly provided in writing. Any failure by Franchisor or Developer to object to or take action with respect to any breach of any provision of this Agreement by Individual will not operate or be construed as a waiver of or consent to that breach or any subsequent breach.

7.4 Severability. Subject to Section 4 hereof, if any provision or part of any provision of this Agreement is for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions or the remaining part of any effective provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof will be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

7.5 Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of Maryland, without regard to principles of conflicts of laws.

7.6 Jurisdiction; Venue; Waiver of Jury Trial. Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for the District of Maryland or any Maryland State Court sitting in Baltimore County having jurisdiction over the subject matter of the dispute or matter. The parties hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding. THE PARTIES HERETO KNOWINGLY AND VOLUNTARILY WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE OR MATTER ARISING UNDER THIS AGREEMENT.

7.7 Assignment. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its affiliates, successors and assigns. The respective rights and obligations of Developer and Individual hereunder may not be assigned by Developer or Individual, without the prior written consent of Franchisor.

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

ATTEST/WITNESS:

____
Name:
Title:

____
Name:
Title:

____
Name:
Title:

DEVELOPER

By: ______________________
Name:
Title:

INDIVIDUAL

____
Name:

FRANCHISOR

EGGSPECTATION RESTAURANTS, LLC

By: ______________________
Name:
Title:

EGGSPECTATION RESTAURANTS
EXHIBIT 3 TO AREA DEVELOPMENT AGREEMENT

GUARANTY

THIS GUARANTY (the "Guaranty") is executed on this ___ day of ________, 200__, by _______________ (the "Guarantor"), in favor of EGGSPECTATION RESTAURANTS, LLC, a Maryland limited liability company ("Franchisor").

RECITALS

WHEREAS, Franchisor and _________________ ("Developer") are parties to that certain Development Agreement dated _______, 20__, which is incorporated herein (the "Development Agreement"), whereby Franchisor granted to Developer the right to develop Eggspectation restaurants (the "Restaurants") within the Territory, under the Marks and the System (as those terms are defined in the Development Agreement).

WHEREAS, the Guarantor stands to benefit from Developer's development of the Restaurants in accordance with the terms of the Development Agreement.

WHEREAS, as an inducement to Franchisor to enter into the Development Agreement, Guarantor, who is a Controlling Principal (as that term is defined in the Development Agreement), agreed to guarantee all of Developer's payment and performance obligations under the Development Agreement.

NOW, THEREFORE, in consideration of Franchisor entering into the Development Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby provides the following guaranty to Franchisor, its successors and assigns.

1. **Recitals.** The foregoing recitals are hereby made part of this Guaranty.

2. **Guaranty.** Guarantor hereby unconditionally and irrevocably agrees to be personally bound by each and every provision in the Agreement as if Guarantor were substituted as the Franchisee therein, and to be personally liable for all breaches and defaults (the "Obligations") under the Development Agreement not timely satisfied by Developer. The Guarantor hereby acknowledges and/or agrees as follows:

2.1 The obligations of Guarantor hereunder shall be direct, immediate and primary, and this Guaranty is one of payment and performance (and not merely collection). The liability of Guarantor hereunder is absolute, unconditional and not subject to any recoupment, setoff, reduction or defense, without regard to the liability of any other person. Franchisor may pursue its rights against the Guarantor without first exhausting its remedies against Developer and without joining any other guarantor, and the Guarantor hereby specifically waives any obligation of Franchisor to proceed against Developer or any other individual or entity.

2.2 This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment of any of the Obligations is rescinded or must otherwise be restored or returned by Franchisor upon the insolvency, bankruptcy or reorganization of Developer or the Guarantor, all as though such payment had not been made.

2.3 If more than one individual or entity has executed this Guaranty as a Guarantor hereunder, the liability of each such guarantor shall be joint, several and primary.

2.4 Without affecting the obligations of Guarantor under this Guaranty, Franchisor may, without notice to the Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Developer or settle, adjust or compromise any claims that Franchisor may have against Developer.

2.5 No failure or delay on the part of Franchisor to insist upon the strict performance of any term, condition, covenant, or agreement of this Guaranty or of the Development Agreement, or to exercise any right, power, or remedy consequent upon a breach hereof or thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Franchisor from exercising any such right, power or remedy at a later time or times. By accepting payment after the due date of any amount payable under this Guaranty or the terms of the Development Agreement, Franchisor shall not be deemed to waive the right either to require prompt payment when due of any amount payable hereunder or under the Development Agreement, or to declare an event of default for the failure to effect such prompt payment of any such amount.

2.6 All rights and remedies of Franchisor under this Guaranty shall be cumulative and concurrent and shall be in addition to and not exclusive of any other rights or remedies available to Franchisor under this Guaranty, the Development Agreement or otherwise existing at law or in equity.

2.7 No course of dealing between Franchisor and Guarantor shall be effective to amend, modify or change any provision of this Guaranty and Franchisor shall have the right at all times to enforce such provisions in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of Franchisor in refraining from so doing at any time or times.

2.8 No waiver under this Guaranty shall be deemed to be made by Franchisor unless in writing signed by Franchisor, and each such waiver, if any, shall apply only with respect to the specific instance involved.

2.9 The obligations of Guarantor under this Guaranty shall not be reduced, limited, terminated, discharged, impaired or otherwise affected by (i) any assignment of the Development Agreement unless Developer is released in connection therewith from its obligations under the Development Agreement pursuant to the terms thereof, (ii) the voluntary or involuntary liquidation, sale or other disposition of all or any portion of Developer's assets, or the receivership, insolvency, bankruptcy, reorganization or similar proceedings affecting Developer or its assets or the release or discharge of Developer from any of its obligations under the Development Agreement, or (iii) any change of circumstances, whether or not foreseeable, and whether or not any such change does or might vary the risk of the Guarantor hereunder.

2.10 The execution and delivery of this Guaranty by the Guarantor, as a Controlling Principal, are made and given in partial consideration of, and as a condition to, Franchisor entering into the Development Agreement. Guarantor acknowledges that Franchisor would not have entered into the Development Agreement without the execution and delivery of this Guaranty.

3. **Death of Guarantor.** Upon receipt by Franchisor of notice of the death of the Guarantor, the Guarantor's estate will be bound by the terms of this Guaranty, but only for defaults and obligations under the Development Agreement existing at the time of death, and in such event, the obligations of all other guarantors shall continue in full force and effect.

4. **Waivers by Guarantor.** Guarantor waives all demands and notices of every kind with respect to the enforcement of this Guaranty, including, without limitation, notice of presentment, demand for payment or performance by Developer, any default by Developer or any guarantor and any release of any guarantor or other security for this guaranty or the obligations of Developer.

5. **Remedies Upon Default.** Upon the occurrence of any event constituting an event of default under the Development Agreement by Developer, and following the expiration of any applicable cure period, Guarantor shall immediately perform each obligation of Developer and pay to Franchisor all amounts due and payable to Franchisor under the Development Agreement and all costs and expenses, including reasonable attorneys' fees and court costs, incurred by Franchisor, its affiliates or any of their respective successors or assigns in attempting to (i) remedy any defaults hereunder or under the Development Agreement, (ii) collect any amounts due hereunder or under the Development Agreement, or (iii) otherwise enforce any rights and obligations hereunder and under the Development Agreement.

6. **Duration.** Subject to Section 7 hereof, this Guaranty shall be continuing, absolute and unconditional, and shall be binding upon Guarantor until the later of (i) termination of the Development Agreement; and (ii) payment in full of all amounts payable to Franchisor under the Development Agreement and this Guaranty.

7. **Termination.** This Guaranty may be terminated only by a written unconditional release executed and delivered by Franchisor to Guarantor.

8. **Representations and Warranties.** Guarantor hereby represents and warrants to Franchisor that:

8.1 Guarantor has reviewed the Development Agreement.

8.2 This Guaranty constitutes the valid and legally binding obligation of Guarantor (joint and several with each other guarantor, if more than one), and is fully enforceable against Guarantor in accordance with its terms.

8.3 There are no actions or proceedings pending or, to Guarantor's knowledge, threatened before any court or administrative agency which would adversely affect the financial condition of Guarantor or the authority of Guarantor to enter into, or the validity or enforceability of, this Guaranty.

8.4 There is no provision of any agreement, contract, or law, binding on Guarantor or affecting any of his property, which would conflict with or in any way prevent the execution, delivery and performance of the terms of this Guaranty, or which would be breached or violated as a result of the execution, delivery or performance of this Guaranty.

8.5 The Guarantor has a direct and financial interest in the Developer, and the acceptance by the Guarantor of the obligations hereunder will result in direct financial benefits to Guarantor.

8.6 There is no matter or fact that Guarantor has not disclosed in writing to Franchisor that materially affects, or could be reasonably likely to materially affect, the property or financial condition of Guarantor or the ability of Guarantor to perform his obligations hereunder.

9. **Miscellaneous.**

9.1 Notices. Any and all notices, requests, demands and other communications required or permitted to be given to the Guarantor shall be in writing and shall be deemed to have been duly given if hand-delivered, delivered by delivery service that provides evidence of delivery, or mailed by certified or registered mail, postage pre-paid, to the Guarantor at ____________________________, or such other address as the Guarantor shall designate in writing to the Franchisor. A notice shall be effective when delivered, if delivered personally or by delivery service, or three (3) business days after being mailed.

9.2 Entire Agreement. This Guaranty (together with the Development Agreement) constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions of the parties, whether oral or written.

9.3 Amendment; Waiver. No amendment, modification or waiver of this Guaranty shall be binding unless consented to in writing by Franchisor. No waiver of any provision of this Guaranty shall constitute a waiver of any other provision of this Guaranty, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing.

9.4 Severability. If any provision or part of any provision of this Guaranty shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Guaranty, and this Guaranty shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof shall be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

9.5 Applicable Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Maryland, without regard to principles of conflicts of laws.

9.6 Jurisdiction; Venue; Waiver of Jury Trial. Any suit involving any dispute or matter arising under this Guaranty may only be brought in the United States District Court for the District of Maryland or any Maryland State Court sitting in Baltimore County having jurisdiction over the subject matter of the dispute or matter. Guarantor hereby consents to the exercise of personal jurisdiction by any such court with respect to any such proceeding. GUARANTOR KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE OR MATTER ARISING UNDER THIS GUARANTY.

IN WITNESS WHEREOF Guarantor has executed this Guaranty as of the day and year first above written.

WITNESS:	**GUARANTOR:**
______________________	____________________________(SEAL)
Name:	Name:

EXHIBIT C
FRANCHISE AGREEMENT

eggspectation®
restaurant - café

EGGSPECTATION

FRANCHISE AGREEMENT

between

EGGSPECTATION RESTAURANTS, LLC
Franchisor

and

[____________________]
Franchisee

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EGGSPECTATION
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the **"Franchise Agreement"**) is made and entered into by and between EGGSPECTATION RESTAURANTS, LLC, a Maryland limited liability company (**"Franchisor"**), and ______________, a __________ (**"Franchisee"**).

RECITALS

WHEREAS, Franchisor has acquired and owns a distinctive concept and system relating to the establishment and operation of casual full service restaurants (each, an "Eggspectation Restaurant") serving all day "breakfast" style food, specializing in gourmet style egg dishes for breakfast and brunch, as well as a full menu for lunch and dinner and a full-service bar (**"System"**).

WHEREAS, the distinguishing characteristics of the System, include, without limitation, (i) distinctive signage design, decor, color scheme, and furnishings; (ii) proprietary recipes and special menu items; (iii) uniform standards, specifications, and procedures for operations; (v) procedures for management and financial control; (vi) specialized training and assistance; and (vii) advertising, promotional and marketing programs, methods and techniques; all of which may be changed, improved and further developed by Franchisor from time to time (the **"Trade Secrets"**).

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, including, but not limited to, the mark "Eggspectation" 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 (the **"Marks"**).

WHEREAS, Franchisor continues to develop, use and control the use of the Marks in order to (i) identify for the public the source of services and products marketed thereunder and under the System, (ii) enhance public acceptance of, and demand for, Eggspectation Restaurants, and (iii) represent the System's high standards of quality, appearance and service.

WHEREAS, Franchisee understands and acknowledges the importance of maintaining 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.

WHEREAS, Franchisee desires to obtain a franchise from Franchisor to use the System in connection with the operation of an Eggspectation Restaurant within the Assigned Area (as hereinafter defined) at the location specified on Schedule A attached hereto.

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

ARTICLE I. GRANT

1.1 In reliance upon the representations, warranties and covenants of Franchisee and its Controlling Principals (as defined in Article XXIV and identified in Schedule A) as set forth herein, Franchisor hereby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to operate an Eggspectation restaurant within the Assigned Area (as defined in Section 1.5

hereof), and only at the specific location identified (or to be identified) on Schedule A (the "**Approved Location**"), under the Marks and the System in accordance with all of the provisions of this Franchise Agreement and Franchisor's standards and specifications (the "**Restaurant**"). Franchisee may not operate the Restaurant, or offer or sell any products or services described under this Franchise Agreement, at or from any location other than the Approved Location. Franchisee shall not relocate the Restaurant without the prior written consent of Franchisor.

1.2 Franchisor reserves the right to revise, modify, amend and/or change the System, or any part thereof, at any time and from time to time. Such revisions, modifications, amendments and/or changes may include new or different systems, programs, specifications, standards, controls, and other distinguishing elements or characteristics that Franchisor may make mandatory. Franchisee specifically acknowledges that certain revisions, modifications, amendments and/or changes to the System may require Franchisee to expend resources to adopt such revisions, modifications, amendments and/or changes, as determined by Franchisor in its reasonable business judgment.

1.3 Franchisee and the Controlling Principals have represented to Franchisor that they have entered into this Franchise Agreement with the intention of fully complying with the obligations to construct an Eggspectation Restaurant hereunder. Franchisee and the Controlling Principals understand and acknowledge that Franchisor has granted such rights in reliance on (i) the business skill, financial capacity and personal character of Franchisee and the Controlling Principals, (ii) the expectations of performance hereunder by Franchisee and the Controlling Principals, and (iii) the agreement and understanding that this Franchise Agreement and the rights and obligations hereunder may not be transferred except as otherwise expressly provided in Article XIV hereof.

1.4 Franchisee acknowledges and agrees that, except as otherwise expressly provided in Section 1.5 hereof, Franchisor, its subsidiaries, affiliates (defined as any entity that is controlled by, controlling or under common control with such other entity) and partners (each, an "Eggspectation Company" and, collectively, the "**Eggspectation Companies**") have and retain the right to develop, promote, construct, own, lease, acquire and/or operate, or authorize or otherwise license or franchise others to develop, promote, construct, own, lease, acquire and/or operate other business operations and concepts under the trade name "Eggspectation," including other Eggspectation Restaurants. Franchisee further acknowledges, accepts and agrees that Franchisor and the other Eggspectation Companies, or any of them, may exercise such right from time to time without notice to Franchisee, and Franchisee covenants that it shall not take any action, including any cause of action in a court of law or equity, that may interfere with the exercise of such right by any of the Eggspectation Companies.

1.5 Franchisor hereby assigns to Franchisee the geographic area (the "**Assigned Area**") identified on Schedule A attached hereto. Subject to Section 1.6 hereof and, provided that Franchisee and the Controlling Principals are in full compliance with all provisions of this Franchise Agreement and any other agreements between Franchisee or any of its Affiliates and Franchisor or any of the Eggspectation Companies, neither Franchisor nor any of the Eggspectation Companies shall establish (or authorize any other person or entity, other than Franchisee, to establish) an Eggspectation Restaurant within the Assigned Area during the term of this Franchise Agreement.

1.6 Franchisee acknowledges and agrees that Franchisor operates Eggspectation Restaurants under the Marks. In addition, notwithstanding anything in this Franchise Agreement, Franchisor and one or more of the Eggspectation Companies may also offer and sell (and may authorize others to offer and sell), in the Assigned Area: (i) collateral products under the Marks, at or from any location, such as gift cards and gift certificates, pre-packaged food products, memorabilia and other nonfood items, and (ii) any products or food and beverage services under any names and marks other than the Marks. Franchisor retains the right, within the Assigned Area, to operate Franchisor-owned restaurants in "nontraditional venues," which include airports, hospitals, cafeterias, commissaries, schools, hotels, stadiums, arenas, ballparks, festivals, fairs and other mass gathering locations or events, and the premises of businesses or customers with corporate campus or institutional feeding sites that have an agreement with Franchisor or any of the Eggspectation Companies for the placement of an Eggspectation Restaurant in one or more of their facilities. Franchisor, any other Eggspectation Company, any franchisee designated by Franchisor and any other authorized person or entity shall have the right, at any time and from time to time, to advertise and promote the System in the Assigned Area and fill customer orders by providing catering and delivery services in the Assigned Area.

ARTICLE II. SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Franchisee assumes all cost, liability, expense and responsibility for locating, acquiring and developing a 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 vendor or lessor of real estate with respect to a site for the Restaurant unless the site is approved by Franchisor as set forth below. Franchisee acknowledges that (i) the location, selection, procurement and development of a site for the Restaurant is Franchisee's sole responsibility, (ii) in discharging such responsibility Franchisee may consult with real estate and other professionals of Franchisee's choosing, and (iii) Franchisor's consent to a prospective site or rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Restaurant operated at that site will be profitable or otherwise successful.

2.2 If the Approved Location has not been identified as of the Effective Date, Franchisee shall initiate a diligent and continuous search for a location in the Assigned Area for the Restaurant upon execution of this Agreement. Prior to acquiring by lease or purchase a site for the Restaurant, Franchisee 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 as provided pursuant to Section 5.1.1 together with such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the site. Franchisor shall have twenty (20) days after receipt of such 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 approved in writing by Franchisor.

2.3 If Franchisee will purchase the premises for the Restaurant, Franchisee shall submit a copy of the proposed contract of sale to Franchisor for its written approval prior to its execution and shall furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution thereof. Franchisor shall have twenty (20) days following receipt of the proposed contract of sale to grant its approval or disapproval thereof. Franchisee acknowledges that Franchisor's or its representative's review of such contract of sale is solely for the benefit of Franchisor and that any acceptance or rejection by Franchisor of such contract of sale does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative as to any of the terms or provisions of such contract of sale or that such contract of sale is in any way beneficial or detrimental to Franchisee. Franchisee shall pay to Franchisor a fee, not to exceed $1,500, to reimburse Franchisor for its costs and expenses in reviewing the proposed contract of sale, including, without limitation, legal and accounting fees.

2.4 If Franchisee will occupy the premises of the Restaurant pursuant to a lease, Franchisee shall submit a copy of the lease to Franchisor for written approval prior to Franchisee's execution thereof and shall furnish to Franchisor a copy of the executed lease within ten (10) days after execution thereof. No lease for the Restaurant premises shall be approved by Franchisor unless (i) provisions substantially similar to the provisions set forth in Exhibit 1 attached hereto are included in the lease, and (ii) Franchisee executes a collateral assignment of lease, in substantially the form attached hereto as Exhibit 2. Franchisor shall have twenty (20) days following receipt of the lease to grant its approval or disapproval thereof. Franchisee acknowledges that Franchisor's or its representative's review of such lease is solely for the benefit of Franchisor and that any acceptance or rejection by Franchisor of such lease does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative as to any of the terms or provisions of such lease or that such lease is in any way beneficial or detrimental to Franchisee.

2.5 After a site for the Restaurant is approved by Franchisor and secured by Franchisee, the location of the site shall be designated as the **"Approved Location"** on an amended Schedule A.

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

2.7 Franchisee must develop the Restaurant in strict compliance with the System, the Manual and Franchisor's standards and specifications regarding use of the Marks, including, without limitation, Franchisor's distinctive Trade Dress for Eggspectation Restaurants. 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 and/or other firms approved by Franchisor. Except as provided below regarding Trade Dress, interior design and construction, Franchisee must adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to Franchisee by Franchisor in accordance with Section 5.1.3 as necessary for the construction of the Restaurant and shall submit such adapted plans to Franchisor or its designated representative for review. If Franchisor or its representative determines, in its sole discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans, and in this event will notify Franchisee of any objection(s) within fifteen (15) days of receiving such plans. If Franchisor or its representative objects to any such plans within the designated time period, Franchisor or its representative must provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. Franchisor or its representative must, upon a resubmission of the plans with such changes, notify Franchisee within fifteen (15) days of receiving the resubmitted plans whether the plans are acceptable. Franchisee must use Franchisor's designated interior design firm, Andres Escobar & Associates **("Escobar")** for the interior design and construction of the Restaurant, including the implementation and adaptation of Franchisor's distinctive Trade Dress for the Restaurant in accordance with Franchisor's standards and specifications. Escobar will customize Franchisor's standard designs for the Approved Location, and will work with an architect local to the Restaurant to implement the interior construction and "build out" of the Restaurant. Franchisee will be responsible for paying all fees charged by Escobar and any architect(s). Franchisee acknowledges that Franchisor's or its representative's review of any architectural and design plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative that such plans are accurate or free of error concerning their design or structural application.

2.8 Franchisee must commence and diligently and continuously pursue construction or remodeling (as applicable) of the Restaurant upon acquiring the Approved Location. Commencement of construction shall be defined as the time at which any site work is initiated by or on behalf of Franchisee at the Approved Location. 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 or its designated representative with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor or its representative. Franchisee must notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Restaurant. Franchisee acknowledges and agrees that it will not open the Restaurant for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Franchise Agreement.

2.9 Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. In addition, if Franchisee requests that Franchisor provide on-site advice concerning the physical development of the Restaurant, then Franchisor must make up to two (2) visits to the Approved Location during its development; however, Franchisee must reimburse Franchisor for out of pocket expenses incurred to provide this service, specifically travel, lodging and meals, within fifteen (15) days of invoice.

2.10 Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee must open the Restaurant and commence business within one hundred eighty (180) days after Franchisee has obtained all required permits and licenses to permit construction at the Approved Location, unless Franchisee obtains an extension of such time period from Franchisor in writing, which extension may be granted or withheld in Franchisor's sole discretion. Prior to opening the Restaurant for service to the general public, Franchisee must 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 comply with all other pre-opening obligations of Franchisee, including those pre-opening obligations described in Article VI hereof, to Franchisor's satisfaction. If Franchisee fails to comply with any of such obligations, Franchisor may prohibit Franchisee from opening the Restaurant and 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 Franchise Agreement.

ARTICLE III. TERM AND SUCCESSOR AGREEMENT

3.1 Unless sooner terminated as provided in Article XVII hereof, the term of this Franchise Agreement shall begin on the Effective Date and shall expire on the earlier of (a) ten (10) years from the Effective Date, or (b) the expiration or termination of Franchisee's right to possess the Restaurant premises at the Approved Location (the **"Restaurant Premises"**).

3.2 Franchisee may, at its option, obtain a successor franchise agreement for a ten (10) year term provided that all of the following conditions are satisfied prior to and at the time of any such renewal:

3.2.1 Franchisee gives Franchisor written notice of Franchisee's election to renew its franchise agreement not less than twelve (12) months nor more than eighteen (18) months prior to the end of the term;

3.2.2 Franchisee presents satisfactory evidence that Franchisee has the right to remain in possession of the Restaurant Premises, or obtains Franchisor's consent to a new site for the operation of the Restaurant, for the duration of the new ten (10) year term;

3.2.3 Franchisee repairs or replaces, at Franchisee's cost and expense, equipment (including electronic cash register or computer hardware or software systems), signs, interior and exterior decor items, fixtures, furnishings, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Restaurant as Franchisor may reasonably require and obtains, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials that 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, catering or delivery arrangements, and otherwise modernizes the Restaurant Premises, (including electronic cash register or computer hardware or software systems), as reasonably required by Franchisor to reflect the then-current standards and image of the System as contained in the Manuals (as defined in Article XXIV) or as otherwise provided in writing by Franchisor;

3.2.4 Franchisee and its Controlling Principals is not in default of any provision of this Franchise Agreement, including any amendment hereof, or any other agreement between Franchisee or any of Affiliates and Franchisor or any of the Eggspectation Companies, and Franchisee and its Controlling Principals have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

3.2.5 Franchisee shall have satisfied all monetary obligations owed by Franchisee and/or any of its Affiliates to Franchisor and/or any of the Eggspectation Companies under this Franchise Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of the Eggspectation Companies and shall have timely met those obligations throughout the terms thereof;

3.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, which agreement shall supersede this Franchise Agreement in all respects, and the terms of which may differ from the terms of this Franchise Agreement, including, without limitation, a higher percentage royalty fee, advertising contribution and/or expenditure requirement, and which will be modified to reflect the fact that the Franchisee is renewing and not starting a new business;

3.2.7 Franchisee shall pay to Franchisor, in lieu of an Initial Franchise Fee, a renewal fee equal to fifty percent (50%) of Franchisor's then-current initial franchise fee being charged to new franchisees, or, if Franchisor has ceased offering new franchises, equal to 50% of the Initial Franchise Fee specified in Section 4.1 of this Agreement;

3.2.8 Franchisee and the Controlling Principals shall execute a general release of any and all claims, actions, causes of action, damages, costs, losses, debt and expenses of any nature whatsoever, that the Franchisee and/or the Controlling Principals, or any of them, ever had, now has or hereinafter may have, against Franchisor, the Eggspectation Companies, their successors and assigns, and the directors, officers, shareholders, members, partners, managers, agents, representatives, independent contractors, servants and employees of each of them (collectively, the **"Franchisor Parties"**), in their corporate and individual capacities, in any way arising from or relating to any act, omission, transaction or event occurring before the effective date of the successor franchise agreement, including, without limitation, claims arising under this Franchise Agreement.

3.2.9 Franchisee, its Operating Principal (as that term is defined in Section 6.4 hereof) and its General Manager (as that term is defined in Section 6.5 hereof) and its other employees shall comply with Franchisor's then-current qualification and training requirements.

3.3 In the event that any of the conditions set forth in Section 3.2 have not been met, Franchisor will have no obligation to enter into a successor franchise agreement with Franchisee, it being understood that in such event Franchisee's successor agreement option will be deemed to have been waived by Franchisee, void, and of no force and effect.

ARTICLE IV. FEES

4.1 Franchisee shall pay to Franchisor an initial franchise fee (the **"Initial Franchise Fee"**) of Fifty Thousand Dollars ($50,000.00) upon execution of this Franchise Agreement by Franchisee. The amount of the Initial Franchise Fee (or any portion thereof) when so paid shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party.

4.2 During the term of this Franchise Agreement, Franchisee shall pay to Franchisor, in partial consideration for the rights herein granted, a continuing royalty fee of five percent (5%) of Aggregate Sales (the **"Royalty Fee"**). However, if any law or regulation prohibits Franchisor from receiving a percentage royalty or fee based on alcoholic beverage revenues, Franchisee must pay Franchisor a royalty fee on all Aggregate Sales, except alcoholic beverage revenues, in the same dollar amount as would have been paid if Franchisee paid a five percent (5%) royalty on all Aggregate Sales (including alcoholic beverage revenues). Such Royalty Fee shall be due and payable weekly by electronic fund transfer (**"EFT"**) in the manner designated by Franchisor on or before 5:00 p.m. Eastern Time each Tuesday, based on the Aggregate Sales for the weekly period ending on the closing of business the prior Sunday (the "**Accounting Period**"), with the first such Accounting Period beginning on the Opening Date and ending on at the close of business on the Sunday following the Opening Date and all subsequent Accounting Periods being Monday through Sunday. Notwithstanding anything herein, if Franchisee fails to pay any Royalty Fee to Franchisor as and when required under the terms of this Agreement, Franchisor shall have the right to require that the Royalty Fee be paid at such other time and in such a manner as determined by Franchisor.

4.3 Franchisee must submit to Franchisor royalty reports itemizing the Aggregate Sales for each Accounting Period **("Royalty Report")** and any other reports required hereunder. Franchisee shall provide Franchisor with the Royalty Report for each Accounting Period on or before the seventh (7^{th}) day following the end of the Accounting Period (the **"Report Date"**) by email or, if Internet access is not reasonably available, by facsimile transmission or such other method of delivery as Franchisor may reasonably direct.

4.4 By executing this Franchise Agreement, Franchisee agrees that Franchisor has the right to withdraw funds from Franchisee's designated bank account each Accounting Period by EFT in the amount of the Royalty Fee. Such withdrawals shall be drawn on the Payment Date for the amount of the Royalty Fee due with respect to Franchisee's Aggregate Sales for the relevant Accounting Period, as evidenced by the Royalty Report. If the Royalty Report has not been received within the time period required by this Franchise Agreement, then Franchisor may, at its option, process an EFT for the Royalty Fee for the subject Accounting Period based on (i) information regarding Franchisee's Aggregate Sales for the subject Accounting Period obtained by Franchisor in the manner contemplated by Section 7.5.8, or (ii) the most recent Royalty Report provided to Franchisor by Franchisee, provided that if a Royalty Report for the subject Accounting Period is subsequently received and reflects (a) that the actual amount of the Royalty Fee due was more than the amount of the EFT received by Franchisor, then Franchisor may immediately withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (b) that the actual amount of the Royalty Fee due was less than the amount of the EFT received by Franchisor, then Franchisor must, at its option, return the excess amount to Franchisee or credit the excess amount to the payment of Franchisee's future royalty obligations. Franchisee shall, upon execution of this Franchise Agreement or at any time and from time to 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 shall be responsible for payment of the full amount of the attempted EFT plus service charges applied by Franchisor and/or the bank, if any.

Franchisee further agrees that it shall at all times throughout the term of this Franchise Agreement maintain a minimum balance of $25,000 in the bank account against which such EFTs are to be drawn for the Restaurant operated under this Franchise Agreement. Franchisor may charge interest in accordance with Section 4.5 hereof and the Late Fee (hereinafter defined) for any Royalty Fees not received when due. Upon written notice to Franchisee, Franchisor may, in its sole discretion, require Franchisee to pay Royalty Fees directly to Franchisor in lieu of EFT.

4.5 Franchisee may not withhold payments due Franchisor under this Franchise Agreement on grounds of alleged nonperformance by Franchisor under this Agreement or any other Agreement between Franchisee or any of its Affiliates and Franchisor. Any payment or Royalty Report not received by Franchisor on or before the applicable due 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 Franchise 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, plus the amount of the Late Fee (hereinafter defined). Notwithstanding anything to the contrary contained herein, no provision of this Franchise Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess interest is provided for herein, or shall be adjudicated to be so provided herein, the provisions of this Section 4.5 shall govern and prevail, and neither Franchisee nor its Principals shall be obligated to pay the excess amount of such interest.

4.6 If any Royalty Fee (or portion thereof) or other required payments, or any Royalty Reports, are not received by Franchisor as and when required by this Article IV, Franchisee shall pay to Franchisor, in addition to the overdue amount and any interest owed, a fee of $100 per day (the **"Late Fee"**) for each day that the Royalty Fee (or any portion thereof) or other required payment is unpaid or the Royalty Report is not received. This fee is reasonably related to Franchisor's costs resulting from the delay in payment of the Royalty Fee and/or receipt of any Royalty Report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Franchise Agreement for Franchisee's failure to pay Royalty Fees and/or submit Royalty Reports in accordance with the terms of this Franchise Agreement. If for any reason the Late Fee is deemed to be interest charged, required or permitted, in excess of the maximum rate allowed by applicable law, any such excess shall be applied as a payment and reduction of any other amounts that may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party that paid such amount.

4.7 For purposes of this Franchise Agreement, **"Aggregate Sales"** means total weekly gross revenues, whether for cash or credit and including the proceeds received from any business interruption insurance claims, less monthly sales taxes included thereon, less the monthly dollar value of complimentary meals and beverages, including, without limitation, those provided for house errors, employees, management, other Eggspectation Restaurants, liquor, school promotion, and advertising and promotional programs (collectively, "**Comps**"); provided, however, that the total amount of the reduction for Comps for any calendar month may not exceed three percent (3%) of the dollar amount of total gross sales, net of sales taxes, for that month. All Royalty Reports must demonstrate Franchisee's calculation of Aggregate Sales. Franchisee must include in Aggregate Sales the entire amount of all gift cards/gift certificates redeemed upon their redemption for purposes of determining the Royalty Fees to be paid upon the redemption of any gift card/gift certificate. In the event of a cash shortage, the amount of Aggregate Sales shall be determined based on the records of the electronic cash register system utilized at the Restaurant and any cash shortage shall not be considered in the determination. Aggregate Sales exclude:

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

4.7.2 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 as required under this Franchise Agreement.

Franchisor may authorize certain other items to be excluded from Aggregate Sales. Any exclusion may be revoked or withdrawn at any time by Franchisor in its sole discretion. Franchisee may not enter into any barter or counter-trade sales transactions with respect to the Restaurant without Franchisor's prior written consent. If Franchisor gives such written consent, Franchisee must record all such barter and counter-trade sales and include them in the reported Aggregate Sales of the Restaurant.

ARTICLE V. FRANCHISOR'S OBLIGATIONS

5.1 With regard to the Restaurant, Franchisor must:

5.1.1 Provide a copy of Franchisor's written site selection guidelines and such site selection assistance as Franchisor may, in its sole discretion, deem advisable. Franchisor's guidelines for site selection may require that Franchisee conduct, at Franchisee's 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, tenant mix, proximity to residential neighborhoods, schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic.

5.1.2 Provide such on-site evaluation as Franchisor, in its sole discretion, may deem necessary, whether on its own initiative or in response to Franchisee's reasonable request for site evaluation; provided, however, that Franchisor need not provide an on-site evaluation for any proposed site prior to its receipt of all required information and materials concerning such site required to be submitted to Franchisor pursuant to Section 2.2 hereof. Franchisor must provide up to two (2) on-site evaluations of proposed sites for the first of Franchisee's Restaurants at no charge; provided Franchisee shall reimburse Franchisor for its reasonable expenses incurred in providing such on-site evaluations, including, without limitation, the cost of travel, lodging and meals. If additional onsite evaluations are deemed appropriate by Franchisor, or upon Franchisee's reasonable request, Franchisor may charge a reasonable fee for performing each such evaluation and to be reimbursed for the expenses incurred by Franchisor (or its designee) in providing such on-site evaluations, including, without limitation, the cost of travel, lodging and meals. Franchisor's current site evaluation fee is $1,500.

5.1.3 Loan to Franchisee one (1) set of prototypical architectural and design plans and specifications for an Eggspectation Restaurant, for which Franchisee shall pay Franchisor's cost of duplicating and shipping to Franchisee. Franchisee shall independently, and at Franchisee's sole cost and expense, have such architectural and design plans and specifications adapted for construction of the Restaurant in accordance with Section 2.7 hereof.

5.1.4 Loan to Franchisee one (1) set of Manuals.

5.1.5 Visit the Restaurant and conduct evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor, and as more fully described in Section 7.5.6.

5.1.6 Provide, at a reasonable cost to Franchisee, 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.

5.1.7 Provide information and written materials concerning techniques of managing and operating the Restaurant from time to time developed by Franchisor, including new developments and improvements in Eggspectation Restaurant equipment and food products and the packaging and preparation thereof.

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

5.1.9 Provide a list of approved suppliers as described in Section 7.4 from time to time as Franchisor deems appropriate.

5.1.10 Conduct an initial training program for Franchisee's first General Manager and Kitchen Manager, and other training programs in accordance with the provisions of Article VI.

5.1.11 Provide on-site pre-opening and post-opening assistance at each of Franchisee's first two Restaurants in accordance with the provisions of Section 6.6.4.

5.1.12 Provide administration of any advertising fund and/or advertising cooperative(s) in accordance with Sections 8.3 and 8.4.

5.1.13 If Franchisor receives discounts on purchases of equipment, point of sale systems for software from approved suppliers, make such discounts available to Franchisee if Franchisee purchases though such approved suppliers.

In the future, when there are sufficient franchisees to justify it, Franchisor may hold an annual franchisee convention at a location to be determined by Franchisor. Franchisee may be charged a fee for attendance at such convention, and, in any event, will be responsible for its travel costs, lodging and meals.

ARTICLE VI. AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS OF FRANCHISEE AND CONTROLLING PRINCIPALS

6.1 Each of Franchisee and the Controlling Principals (as identified in Schedule A) jointly and severally, covenants and agrees that it/he shall make all commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales.

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

6.2.1 Franchisee is duly organized, validly existing and in good standing under the laws of the State where Franchisee was formed;

6.2.2 Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities require such qualification;

6.2.3 The execution, delivery and performance by Franchisee of this agreement have been duly authorized by all necessary corporate action;

6.2.4 This Franchise Agreement constitutes the valid and binding obligation of Franchisee and each of the Controlling Principals, enforceable against Franchisee and each of the Controlling Principals in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization, and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and the exercise of judicial discretion;

6.2.5 Franchisee's organizational documents will at all times provide that the activities of Franchisee are confined exclusively to the operation of one or more Restaurants, unless otherwise consented to in writing by Franchisor;

6.2.6 Copies of Franchisee's organizational documents, other governing documents, resolutions and consents authorizing entry into and performance of this Franchise Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of equity interests in Franchisee, have been furnished to Franchisor prior to the execution of this Franchise Agreement;

6.2.7 The ownership interests in Franchisee as of the Effective Date are accurately and completely described in Schedule A to this Agreement ("Statement of Ownership Interest"). 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;

6.2.8 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 Franchise Agreement; provided, however, that the requirements of this Article shall not apply to the transfer of equity securities of a publicly-held corporation (as defined in Article XXIV). If Franchisee is a partnership or limited liability company, its written partnership agreement or operating agreement shall provide that ownership of an interest in such entity is held subject to all restrictions imposed upon assignments by this Franchise Agreement;

6.2.9 Franchisee and, at Franchisor's request, each of the Controlling Principals, have provided Franchisor with the most recent financial statements of Franchisee and such Controlling Principals prior to the execution of this Agreement by Franchisee. Such financial statements present fairly the financial position of Franchisee and each of the Controlling Principals, as applicable, at the dates indicated therein and with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Franchisee agrees that it will at all times during the term of this Franchise Agreement maintain sufficient working capital to fulfill its obligations under this Franchise Agreement. Each of the financial statements mentioned above must be reviewed by an independent certified public accountant and certified by Franchisee's treasurer or chief financial officer or comparable officer as true, complete and correct prior to their submission to Franchisor, and must 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 Franchise Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities on the financial statements of Franchisee or the Controlling Principals;

6.2.10 If, after the execution of this Franchise Agreement, any person ceases to qualify as one of Franchisee's Principals (as defined in Article XXIV) or if any individual succeeds to or otherwise comes to occupy a position that would, upon designation by Franchisor, qualify him as one of Franchisee's Principals, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Franchisee's Principals or as a Controlling

Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Franchise Agreement) as Franchisor requires be executed by others in such positions;

6.2.11 The Controlling Principals and their spouses shall, jointly and severally, guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty in the form attached hereto as Exhibit 4 (the **"Guaranty"**), and shall otherwise bind themselves to the terms of this Franchise Agreement as stated herein;

6.2.12 Each of Franchisee's Principals who is not Controlling Principal, and the spouse of each of those Principals, shall execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete in the form attached hereto as Exhibit 3 (as amended or revised from time to time, the **"Covenants"**); and

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

6.3 If Franchisee is one or more individuals, Franchisee's spouse(s), concurrently with Franchisee's execution of this Agreement, guarantee the performance of all of Franchisee's obligations, covenants and agreements hereunder pursuant to the terms and conditions of the Guaranty in the form attached hereto as Exhibit 4 and otherwise bind themselves to the terms of this Agreement as stated herein, including (but not limited to) all confidentiality and non-competition covenants.

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

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

6.4.2 The Operating Principal must maintain a direct or indirect ownership interest in Franchisee, which ownership interest shall at no time constitute less than ten percent (10%) of the total voting ownership interest in Franchisee then outstanding. Except as may otherwise be provided in this Franchise Agreement, or otherwise approved by Franchisor in writing, 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.

6.4.3 Franchisee and the Operating Principal (or his designee, if applicable) must devote substantial full time and best efforts to the supervision and conduct of the Restaurant. The Operating Principal must execute this Franchise Agreement as one of the Controlling Principals, and must be individually, jointly and severally, bound by all obligations of Franchisee, the Operating Principal and the Controlling Principals hereunder.

6.4.4 The Operating Principal (and his designee, if applicable) must meet Franchisor's standards and criteria for such individual, as set forth from time to time in the Manuals or otherwise in writing by Franchisor.

6.4.5 The Operating Principal (or his designee, if applicable) must satisfy the training requirements set forth in Section 6.6.

If, during the term of this Franchise 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 Article VI, Franchisee must promptly notify Franchisor and designate a replacement approved by Franchisor 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 must provide for interim management of the activities contemplated under this Franchise Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Franchise Agreement. Any failure to comply with the requirements of this Article shall be deemed a material event of default under this Franchise Agreement.

6.5 Beginning at least twelve (12) weeks prior to opening the Restaurant, Franchisee must designate and retain at all times a general manager (**"General Manager"**) who has been approved by Franchisor to direct the operation and management of the Restaurant. The General Manager shall be responsible for the daily operation of the Restaurant. The General Manager may be one of the Controlling Principals, including the Operating Principal. The General Manager must, during the entire period he serves as General Manager, meet the following qualifications:

6.5.1 The General Manager must devote his/her full time and best efforts to the supervision and management of the Restaurant;

6.5.2 The General Manager must be an individual acceptable to Franchisor; and

6.5.3 The General Manager must satisfy the training requirements in Section 6.6.

If, during the term of this Franchise 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 Article VI, Franchisee must 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), who must be approved by Franchisor. Franchisee must 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 Franchise Agreement. Any failure to comply with the requirements of this Article shall be deemed a material event of default under this agreement. If Franchisee fails to have a replacement General Manager satisfactorily complete Franchisor's training or certified as meeting such requirements, in lieu of termination, Franchisor may charge Franchisee an additional support fee until such General Manager is properly trained or certified in accordance with Franchisor's requirements. Such support fee shall be in the amount of $2,000 per week, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 4.2 at the same time Franchisor withdraws the Royalty Fee.

6.6 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:

6.6.1 For the first Eggspectation restaurant opened by Franchisee or its Affiliates, not later than thirty (30) days prior to the Opening Date Franchisee's Operating Principal, General Manager and the person who will manage food preparation (the **"Kitchen Manager"**) must complete, to Franchisor's satisfaction, Franchisor's initial training program.

The initial training program for the General Manager and the Kitchen Manager will generally last from four (4) to six (6) weeks, depending upon the prior restaurant operating experience of the trainees. Franchisor must provide instructors and training materials for the initial training of the Operating Principal, General Manager and Kitchen Manager at no additional charge to Franchisee, provided that Franchisor may charge a reasonable fee for providing the initial training program to any additional or replacement managers, principals or other Restaurant personnel. Franchisor's obligations under this Section 6.5.1 shall apply only to the first two Restaurants opened by a Franchisee.

6.6.2 Franchisor shall determine, in its sole discretion, whether the General Manager and Kitchen Manager have satisfactorily completed the initial training program. If the initial training program is not satisfactorily completed by the General Manager or Kitchen Manager, or if Franchisor reasonably determines that the initial training program cannot be satisfactorily completed by any such person, Franchisee must designate a replacement General Manager, who must complete the initial training program to Franchisor's satisfaction. Franchisor's current training fee for each replacement or successor General Manager or Kitchen Manager and other Restaurant personnel are $2,500. Franchisee shall be responsible for any and all expenses incurred by Franchisee or Franchisee's General Manager, Operating Principal and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and wages.

6.6.3 Franchisee's Operating Principal, General Manager and such other Restaurant personnel as Franchisor may designate must attend such additional mandatory training programs as Franchisor may offer from time to time. For all such programs, Franchisor will provide the instructors and training materials. However, Franchisor reserves the right to charge a reasonable fee for such additional training programs. Franchisee shall be responsible for any and all expenses incurred by Franchisee and its Operating Principal, General Manager and other Restaurant personnel in connection with such additional mandatory or optional training, including, without limitation, costs of travel, lodging, meals and wages.

6.6.4 In connection with the opening of Franchisee's first two Restaurants, Franchisor must provide Franchisee with pre-opening and opening assistance by two trained representatives of Franchisor. The trained representatives of Franchisor will provide on-site pre-opening and opening training, supervision, and assistance to Franchisee for two (2) weeks immediately preceding (the **"Pre-Opening Assistance"**) and one (1) week immediately following (the **"Opening Assistance"**) the Opening Date. Except as provided in the following sentence, Franchisee will not be required to pay Franchisor's per diem fee for the Pre-Opening Assistance or the Opening Assistance, and Franchisor will be responsible for its costs of travel, lodging and meals during the Pre-Opening Assistance and Opening Assistance. If Franchisee is an Area Developer, for Franchisee's third and all subsequent Restaurants Franchisor will in its sole discretion determine if the Pre-Opening Assistance and Opening Assistance are necessary, and, if so, provide such assistance to Franchisee at Franchisor's then-current per diem rate, and Franchisee will be liable for Franchisor's expenses incurred in providing such assistance.

6.6.5 Upon the reasonable request of Franchisee or as Franchisor, in its sole discretion, shall deem appropriate, Franchisor must, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's Restaurant personnel. Without limiting the foregoing, Franchisor may require Franchisee to participate in additional training programs or measures in the event of Franchisee's violation of Franchisor's quality standards. For all additional training and assistance provided by Franchisor, 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 and meals. Franchisor's current per diem fee is $250 per representative. Franchisee will be responsible for its staff members' costs of attendance for any such additional training, or alternatively, for Franchisor's representatives' costs of providing such additional training at Franchisee's Restaurant(s).

6.7 Compliance by all franchisees and area developers operating under the System with Franchisor's training, development and operational requirements is an essential and material element of the System, and Franchisor and its franchisees and area developers operating under the System consequently expend substantial time, effort and expense in training management personnel to operate their respective Restaurants. Accordingly, Franchisee and the Controlling Principals agree that if Franchisee designates as its General Manager or employs in a managerial position any individual who is at the time or was within the preceding ninety (90) days (i) employed in a managerial or supervisory position by Franchisor or any of the Eggspectation Companies, including, but not limited to, individuals employed to work in Restaurants operated by Franchisor or any of the Eggspectation Companies, or (ii) employed by any other franchisee or area developer, but specifically excluding individuals who have relocated their domicile more than fifty (50) miles in the preceding ninety (90) days prior to being offered such managerial position, then such former employer of such individual shall be entitled to be compensated for the reasonable costs and expenses, of whatever nature or kind, incurred by such employer in connection with the training of such employee. The parties hereto agree that such expenditures may be uncertain and difficult to ascertain and therefore agree that the compensation specified herein reasonably represents such expenditures and is not a penalty. An amount equal to the compensation of such employee for the six (6) month period (or such shorter time, if applicable) immediately prior to the termination of his/her employment with such former employer shall be paid by Franchisee to such former employer prior to such individual assuming the position of General Manager or other managerial position, unless otherwise agreed with the former employer.

6.8 Franchisee must comply with all requirements of federal, state and local laws, rules, regulations, and orders applicable to the Restaurant's development and operation. Without limiting the foregoing, Franchisee is solely responsible for complying with all laws applicable to employment of people who work in the Restaurant, including those concerning wages and hours, non-discrimination, and labor relations. Franchisee must inform each person who works in the Restaurant of Franchisee's business entity name and the fact that it is that worker's employer. Franchisee acknowledges that the System does not include any personnel policies or procedures that Franchisor may make available for franchisees' optional use in the Operations Manual or otherwise, and that Franchisee alone is responsible for determining to what extent, if any, it will utilize such suggestions in operating the Restaurant.

6.9 Franchisee must comply with all other requirements and perform such other obligations as provided hereunder.

6.10 Franchisor has provided to Franchisee on loan a current copy of the Manuals, as that term is defined in Article XXIV. The Manuals will at all times remain solely the property of Franchisor. The Manuals may be in hard copy or they may be made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manuals (or any amendments, supplements or changes thereto) are provided in a form other than paper copy, Franchisee must pay any and all costs to retrieve, review, use or access the Manuals. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee must throughout the term of this Franchise Agreement conduct its business in accordance with: (i) the Manuals as they may from time to time be modified, amended or supplemented by Franchisor, (ii) other written directives that Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Manuals, and (iii) any other manuals and materials created or approved for use in the operation of the Restaurant.

6.10.1 Franchisee must at all times treat the Manuals, any written directives of Franchisor, any other manuals and materials, and the information contained therein (the **"Confidential Materials"**), as confidential and must maintain such information as confidential in accordance with Article X. Franchisee may not at any time copy, duplicate, record or otherwise reproduce the Confidential Materials, in whole or in part, or otherwise make the same available to any person other than as expressly permitted under the terms of this Franchise Agreement.

6.10.2 Franchisee must maintain the Manuals at all times in a safe and secure location, take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and report the theft or loss of the Manuals or any portion thereof to Franchisor immediately. At a minimum, in the case of computer and telecommunications networks, Franchisee must use the latest available firewall, password protection, and similar technology to prevent unauthorized access. Franchisee must return the Manuals to Franchisor immediately upon request or upon termination or expiration of this Franchise Agreement.

6.10.3 The Manuals are hereby incorporated by reference into this Franchise Agreement. Any revisions to the Manuals, any other written materials issued by Franchisor and any revisions or modifications thereto will supplement this Franchise Agreement.

6.10.4 Franchisor may from time to time revise the contents of the Manuals and other written materials created or approved for use in the operation of the Restaurant. Franchisee must remove and return to Franchisor, or permanently delete from Franchisee's computer, as appropriate, all pages of the Manual that have been replaced or updated by Franchisor. Franchisee expressly agrees to comply with each new or changed specification or standard upon receipt of notice from Franchisor.

6.10.5 Franchisee must 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.

6.10.6 Franchisee must pay a replacement fee of $500 for any replacement Manual requested by Franchisee.

ARTICLE VII. FRANCHISE OPERATIONS

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

7.2 Franchisee must maintain the Restaurant in a high degree of sanitation, repair and condition, and in connection therewith must make such additions, alterations, repairs and replacements thereto as may be required for that purpose, including, without limitation, such periodic repainting and replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale systems and computer hardware and software) and decor as Franchisor may reasonably direct from time to time. Franchisee also must obtain, at Franchisee's sole cost and expense, any new or additional equipment, fixtures, supplies and other products and materials that 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, catering and/or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations, additions, repairs, improvements or changes in the design, equipment, signs, interior or exterior decor items, fixtures or furnishings may be made in or about the Restaurant or the Restaurant Premises without the prior written approval of Franchisor.

7.3 To promote the continued success of the Restaurant, Franchisee, upon the request of Franchisor, must make other improvements to modernize the Restaurant Premises, equipment, signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to meet Franchisor's then-current standards and specifications throughout the term of this Agreement. Without limiting the above, Franchisee agrees that it will make such capital improvements or modifications described in this Section 7.3, 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 Franchise Agreement when a majority of the Eggspectation Restaurants then operating under the System have made or are utilizing best efforts to make such improvements or modifications. Notwithstanding anything herein, Franchisee shall not be required to make the capital improvements and modifications described in this Section 7.3 prior to the second (2nd) anniversary of the Opening Date.

7.4 Franchisee must 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 and other products used or offered for sale at the Restaurant. Except as provided in Sections 7.6, 7.7 and 7.11 with respect to certain materials bearing the Marks and proprietary products, and Section 7.10 with respect to vehicles used in the operation of the Restaurant, Franchisee must obtain such items only 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 Eggspectation Restaurants and 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. Franchisor may designate itself or an Affiliate as an approved or exclusive supplier of any category of ingredients, goods or services to your Restaurant. If Franchisee desires to purchase, lease or use any products or other items from an unapproved supplier, Franchisee must submit to Franchisor a written request for such approval, or must request the supplier itself to do so. Franchisee may not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisor will 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. Franchisor may require any new supplier approved at Franchisee's request to distribute its products through Franchisor's designated broad-line distributor of ingredients and consumables used in the Restaurants. 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 or if Franchisor determines, in its reasonable business judgment, that Franchisee's continued patronage of such supplier is not in the best interest of all Eggspectation Restaurants operating in the United States of America. A charge not to exceed the cost of the inspection and the actual cost of the test must be paid by Franchisee or the supplier. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier. Franchisor may change the approved suppliers for your Restaurant on its own accord from time to time as it deems appropriate using its reasonable business judgment.

7.5 To ensure that the highest degree of quality and service is maintained, Franchisee must operate the Restaurant in strict conformity with the methods, standards and specifications of Franchisor set forth in the Manuals and otherwise prescribed by Franchisor in writing from time to time. In particular, and without limitation, Franchisee agrees:

7.5.1 To sell or offer for sale all menu items, retail products and services required by Franchisor in the methods, manners and styles of preparation and distribution prescribed by Franchisor in the Manuals or otherwise in writing, including, but not limited to, dining-in, carry-out, catering and/or delivery services.

7.5.2 To sell and offer for sale only the menu items, retail products and services that have been expressly approved for sale in writing by Franchisor; to refrain from deviating from Franchisor's standards and specifications; and to discontinue selling and offering for sale any menu items, products or services that Franchisor disapproves in writing at any time.

7.5.3 To maintain in sufficient supply and to use and sell 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.

7.5.4 To permit Franchisor or its agents, at any reasonable time, to remove a reasonable number of samples of food and non-food items from Franchisee's inventory, or from the Restaurant, without payment therefore, 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 Franchise Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of any item tested has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

7.5.5 To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment decor items, signs, catering or delivery vehicles, and related items as Franchisor or its designated store designer may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant Premises, any such 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, Franchisee must obtain Franchisor's written approval of the lease prior to its execution. Franchisor's approval may be conditioned upon such lease containing a provision that permits any interest of Franchisee in the lease to be assigned to Franchisor upon the termination or expiration of this Franchise Agreement and that prohibits the lessor from imposing an assignment or related fee upon Franchisor in connection with such assignment.

7.5.6 To grant Franchisor and its agents the right to enter upon the Restaurant Premises and any catering or delivery vehicles 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 Franchise Agreement, to take such steps as may be necessary to immediately correct any deficiencies detected during any such inspections. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time after detection, Franchisor shall have the right and authority (but not the obligation) to correct such deficiencies and to charge Franchisee for expenses incurred by Franchisor in so doing, together with a reasonable fee, which charges and fee must be paid by Franchisee immediately upon written demand therefor. Franchisee shall bear the costs of all inspections, provided that if the Restaurant passes any inspection with a score of eighty-five percent (85%) or higher (determined in accordance with Franchisor's inspection policies and procedures in effect from time to time), Franchisor shall bear the cost of such inspection. If the Restaurant receives a score of seventy percent (70%) or lower on any inspection pursuant to this Section 7.5.6, in addition to Franchisee paying all costs of such inspection, at Franchisor's sole discretion, Franchisor may require remedial training of Franchisee's staff, and if that occurs then Franchisee must pay to Franchisor upon demand the fees and expenses of such training.

7.5.7 To employ such minimum staff as may be prescribed in the Manuals or in writing by Franchisor, and to maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that Franchisee's employees preserve good customer relations and comply with such dress code, health, safety and hygiene standards as Franchisor may prescribe.

7.5.8 To install and maintain high speed telecommunications equipment and to obtain and maintain Internet access, or other means of electronic communication, as specified by Franchisor from time to time, in accordance with Franchisor's specifications that permit Franchisor to access and retrieve by telecommunication or other electronic means any information stored on approved point of sale systems (or other computer hardware and software) utilized at the Restaurant Premises as specified in the Manuals, or otherwise in writing, and to inspect and monitor electronically information concerning Franchisee's Restaurant, Aggregate Sales and such other information as may be contained or stored in such equipment and software at any time. It will be a material event of default under this Franchise 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 Franchise Agreement.

7.5.9 Prior to opening the Restaurant, to obtain and at all times thereafter maintain a liquor license to sell alcoholic beverages from and at the Restaurant.

7.6 Franchisee acknowledges and agrees that Franchisor has acquired and/or developed, and may continue to develop for use in the System, certain products that are prepared from confidential proprietary recipes and that are trade secrets of Franchisor. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of such products. Accordingly, Franchisee agrees that with respect to such products, Franchisee must use only Franchisor's recipes and Franchisor's proprietary products, and must purchase solely from Franchisor or the Eggspectation Companies or another source designated by Franchisor, all of Franchisee's requirements for such products. Franchisee further agrees to purchase from Franchisor or the Eggspectation Companies or from a source designated by Franchisor for resale to Franchisee's customers certain merchandise identifying the System as Franchisor may require, such as pre-packaged food products and memorabilia, non-food items, and promotional products, in amounts sufficient to satisfy Franchisee's customer demand.

7.7 All advertising and promotional materials, signs, menus, stationery, and other printed materials or other items used in the Restaurant, as reasonably designated by Franchisor, must bear the Marks in the form, color, location and manner prescribed from time to time by Franchisor.

7.8 Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Restaurant, as assigned or awarded by the local government where the Restaurant is located. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Restaurant. Without limiting the foregoing, Franchisee and all required personnel shall obtain and maintain all necessary and required licenses and certificates for food service, food handling and the handling of alcoholic beverages as may be required by applicable local rules and regulations and/or the Manual. Without limiting the foregoing, at least two (2) people who regularly work at the Restaurant must have completed the highest level of food safety certification available in the jurisdiction where the Restaurant is located, and each person who prepares cooked food in the Restaurant's kitchen must have completed food handling certification.

7.9. Franchisee will promptly process and handle all consumer complaints connected with or relating to the Restaurant or otherwise relating to the Restaurant, and promptly notify Franchisor by electronic mail of any of the following: (a) food related illnesses, (b) claims exceeding $1,000, and (c) any other material claims against or losses suffered by Franchisee. Franchisee must prepare and maintain written records of all of the foregoing and any information and/or reports otherwise required by applicable law throughout the term of this Franchise Agreement and for ninety (90) days after the expiration or earlier termination hereof.

7.10 Any vehicle used by Franchisee to deliver Restaurant products and services to customers must meet Franchisor's standards with respect to appearance and ability to satisfy the requirements imposed on Franchisee hereunder. Franchisee must place such signs and decor items on all vehicles as Franchisor requires, and must at all times keep such vehicles clean and in good working order. Franchisee may not engage or utilize any individual in the operation of a motor vehicle in connection with providing services hereunder who is under the age of eighteen (18) years, who does not possess a valid driver's license under the laws of the state in which Franchisee provides such services, or whose driving record, as of a recent date, has not been reviewed by Franchisee. Franchisee must require each such individual to comply with all laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of motor vehicles. Except as noted above, Franchisor does not set forth any standards or exercise control over any motor vehicle utilized by Franchisee.

7.11 In the event Franchisee sells any food or beverage items, or any other products, services or memorabilia that Franchisor has not prescribed, approved or authorized (each, a **"Prohibited Item"**), Franchisee must (i) immediately cease and desist offering for sale and selling such Prohibited Item, and (ii) pay to Franchisor a Prohibited Item fee equal to $100 per day for each day Franchisee has offered and/or sold each Prohibited Item, with the minimum such fee being $1,000. Payment of such fee shall be in addition to other remedies available to Franchisor at law or in equity.

7.12 Franchisor and/or the Eggspectation Companies may receive and retain for their own benefit any and all discounts, volume rebates, administration fees, commissions, advertising allowances and such other incentives received from suppliers, manufacturers, distributors or other vendors of products and/or services provided to any Eggspectation Restaurant or otherwise in connection with the System, except that if any Eggspectation Company receives discounts from approved suppliers on purchases of equipment, or software for use in its Restaurant, such discounts will also be made available to Franchisee if Franchisee purchases from the approved suppliers.

ARTICLE VIII ADVERTISING, PROMOTION 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 hereby agree as follows:

8.1 Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Eggspectation Restaurants operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time. In all aspects of these programs, including the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor shall be final and binding upon Franchisee.

8.2 In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of Franchisee's expenditures for local advertising to the Fund as described in Section 8.3, or the Cooperative as described in Section 8.4, Franchisee must spend, annually throughout the term of this Franchise Agreement, not less than one percent (1%) of the Aggregate Sales of the Restaurant on advertising and public relations (**"Local Advertising"**) for the Restaurant in its Area of Primary Responsibility as identified on <u>Schedule A</u> attached hereto (the **"Area of Primary Responsibility"**). Franchisee must submit to Franchisor, on or before the 1st day of February of each year during the term of this Agreement, an advertising expenditure report accurately reflecting all such Local Advertising expenditures for the preceding calendar year. If the 1st day of February is not a business day, then such report shall be due on the next business day. Any costs and expenditures incurred by Franchisee in connection with any of the following shall not be included in Franchisee's expenditures on Local Advertising for purposes of this Article, unless approved in advance by Franchisor in writing:

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

8.2.2 Research expenditures;

8.2.3 Food costs incurred in any promotion;

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

8.2.5 Charitable, political or other contributions or donations;

8.2.6 In-store materials consisting of fixtures or equipment; and

8.2.7 Seminar and educational costs and expenses of employees of Franchisee.

8.3 Franchisor reserves the right to establish and administer an advertising, marketing and promotional fund on behalf of the System (the "**Fund**"). If a Fund is established, Franchisor will, from time to time, designate a percentage of the Aggregate Sales of the Restaurant to be contributed to the Fund (the "**Advertising Fee**") and Franchisee agrees to contribute that amount at the same time and in the same manner as Royalty Fees are paid. The Advertising Fee will not exceed two percent (2%) of Aggregate Sales, and the Advertising Fee will not exceed two percent (2%) of the Aggregate Sales of the Restaurant during the term hereof. Franchisor may require Franchisee to allocate to the Fund all or any portion of Franchisee's required contributions to a Cooperative as described in Section 8.4 and expenditures for Local Advertising as described in Section 8.2. In reviewing and establishing or modifying the Advertising Fee, Franchisor may consider the level of advertising and marketing expenditures by Restaurants operated by Franchisor and by competitors of the System, media costs, available marketing resources, population changes, changes in market conditions, the degree of market penetration of the System, and such other factors as Franchisor deems relevant to the operation of the Fund. Franchisee may be provided with thirty (30) days' prior written notice of any such change in the Advertising Fee. Franchisee agrees that the Fund shall be maintained and administered by Franchisor or its designee as follows:

8.3.1 Franchisor will direct all advertising, marketing and promotional programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation 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 must, with respect to Restaurants operated by Franchisor, 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 that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

8.3.2 Franchisee agrees that the Fund may be used to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research and 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 franchisees to the Fund shall be separately accounted for 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 and marketing programs for franchisees and the System. Except as provided above, 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.

8.3.3 Franchisor must prepare a statement of the operations of the Fund annually and make it available to Franchisee upon request.

8.3.4 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.

8.4 Franchisee agrees that Franchisor will have the right, in its sole discretion, to designate any geographic area in which two (2) or more Eggspectation Restaurants are located as a region for purposes of establishing an advertising cooperative (**"Cooperative"**). The members of the Cooperative for any area must, at a minimum, consist of all Franchisees operating Eggspectation Restaurants located in such area. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by Franchisor in its sole discretion. Each Cooperative shall be organized for the exclusive purposes of administering advertising programs and developing, subject to Franchisor's approval pursuant to Section 8.6, promotional materials for use by the Franchisee members in Local Advertising. If, at the time of the execution of this Franchise 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 Franchise Agreement, Franchisee must execute such documents as are required by Franchisor immediately upon the request of Franchisor and must become a member of the Cooperative pursuant to the terms of those documents. Franchisee must participate in the Cooperative as follows:

8.4.1 Franchisee must contribute to the Cooperative such amounts (the **"Cooperative Fee"**) required by the documents governing the Cooperative; provided, however, Franchisee's Cooperative Fee with respect to any Accounting Period may not exceed two percent (2%) of Franchisee's Aggregate Sales for such Accounting Period, unless, subject to Franchisor's approval, the members of the Cooperative agree to the payment of a larger fee. Notwithstanding the above, the payment of any such Cooperative fee shall be applied toward satisfaction of the Franchisee's Local Advertising requirement set forth in Section 8.2;

8.4.2 Franchisee must 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

8.4.3 No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without the prior consent of Franchisor or its representative. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 8.6.

8.5 Franchisor may not require Franchisee's aggregate total advertising contributions or payments with respect to any calendar year under this Article VIII (whether in the form of Advertising Fees, Cooperative Fees and/or Local Advertising expenditures) to exceed four percent (4%) of Franchisee's Aggregate Sales for such calendar year.

8.6 All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and conform to the standards and requirements of Franchisor as set forth in the Manuals or otherwise in writing. Franchisee must submit to Franchisor for its approval samples of all advertising and promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed, that have not been either provided or previously approved by Franchisor. Franchisor must use commercially reasonable efforts to approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof. Franchisee may not use any unapproved plans or materials until they have been approved by Franchisor, and must promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Restaurant and approved by Franchisor may, at Franchisor's option, be used in connection with other Eggspectation Restaurants without any compensation to Franchisee.

8.7. Franchisee may not advertise or use the Marks in any fashion on the Internet, or via other means of advertising through telecommunication, without the express written consent of Franchisor. Franchisor may require Franchisee to transfer to Franchisor any domain names, Internet Accounts, websites, and social media accounts that Franchisee uses in an unapproved manner in conjunction with the name Eggspectation or any of the Marks, and Franchisee must sign any documents necessary for Franchisor to enforce this right and cooperate fully in transferring such Internet accounts to Franchisor.

8.8 With respect to the offer and sale of all menu, beverage, retail food and non-food items, Franchisor may from time to time offer guidance to Franchisee with respect to selling prices for such goods, products and services, and may, in its sole discretion and to the extent permitted by applicable law, establish maximum and/or minimum selling prices for such goods, products and services. Franchisee must adhere to all minimum and/or maximum selling prices established by Franchisor, but otherwise Franchisee may sell its products and provide services at any price that Franchisee may determine. Franchisee acknowledges and understands that the System is designed to promote the sale of products and services at competitive prices, and accordingly, Franchisee may not exceed any maximum price or undercut any minimum price established by Franchisor. Franchisee will execute any instruments or other writings required by Franchisor to facilitate the provision of such products and services. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such products or merchandise at Franchisor's recommended or required price will enhance Franchisee's sales or profits.

8.9 In addition to all other advertising obligations imposed on Franchisee hereunder, Franchisee must spend not less than $10,000 on an opening marketing strategy for the Restaurant in its Area of Primary Responsibility. Franchisor will provide Franchisee with such assistance with its marketing strategy as Franchisor deems necessary in its discretion. Unless otherwise approved by Franchisor in writing, Franchisee's marketing strategy must be continuously sustained during the thirty (30) days prior to and the thirty (30) days after the Opening Date of the Restaurant. Proof of Franchisees expenditures for the opening marketing strategy (in the form of cancelled checks, paid invoices, copies of advertisements or otherwise) must be submitted to Franchisor within sixty (60) days following the Opening Date.

8.10 If Franchisor requires, Franchisee agrees to participate in the gift card program(s) that Franchisor specifies. For this purpose, Franchisee must purchase the software, hardware, blank cards, and other items needed to sell and process gift cards or stored value cards, which Franchisor may specify in writing in the Manuals or otherwise. Franchisee also agrees to pay such monthly and per-swipe transaction fees as may be required by the vendor of the gift card system. Franchisee must sell or honor gift cards only in accordance with Franchisor's written standards. Franchisee must account for all gift card sales, gift card redemptions, and other gift card transactions in the manner Franchisor specifies in the Manuals. Franchisee must maintain sufficient cash reserves to pay Franchisor or other franchisees as part of any network-wide periodic reconciliation of the gift card program. Franchisee shall pay Franchisor or make payments as specified by Franchisor, in such amounts and at such times as directed by Franchisor, in accordance with Franchisor's gift card rules, programs and policies. Franchisee agrees not to sell, issue, or redeem gift certificates other than gift cards that Franchisor has approved in writing.

ARTICLE IX MARKS

9.1 Franchisor grants Franchisee the right to use the Marks specified in Schedule B of during the term of this Franchise Agreement, as modified or replaced by Franchisor from time to time in accordance with Section 9.2.6 of this Agreement, and solely for use in accordance with the System and related standards and specifications.

9.2 Franchisee expressly understands and acknowledges that:

9.2.1 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 the Marks, whether or not existing as of the date of this Franchise Agreement. Franchisee agrees to 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.

9.2.2 Neither Franchisee nor any Controlling Principal may take any action that prejudices or interferes with, or is reasonably likely to prejudice or interfere with, the validity of Franchisor's rights with respect to the Marks. Nothing in this Franchise Agreement shall be deemed to give Franchisee any right, title, or interest in or to any of the Marks, including 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 Franchise Agreement (including the Operations Manual) for the operation of the Restaurant at or from its Approved Location and in approved advertising related to the Restaurant.

9.2.3 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 Franchise Agreement and the rights and license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

9.2.4 Franchisee must not contest the validity of or Franchisor's interest in the Marks or assist others to contest the validity of or Franchisor's interest in the Marks.

9.2.5 Franchisee acknowledges that any unauthorized use of the Marks, including the sale of any unapproved menu items or products, is an infringement of Franchisor's rights in the Marks and a material event of default hereunder.

9.2.6 Franchisor reserves the right to add and/or substitute different Marks for use in identifying the System and the Restaurant if the 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 and/or to use one or more additional or substitute Marks.

9.2.7 With respect to Franchisee's use of the Marks pursuant to this Franchise Agreement, Franchisee further agrees that:

a. Unless otherwise authorized or required by Franchisor, Franchisee must advertise the Restaurant only under the Mark "Eggspectation" without prefix or suffix. Franchisee must not use the Marks as part of its corporate or other legal name. Franchisee must comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, to properly inform the public of Franchisee's operation of the Restaurant at the Approved Location.

b. During the term of this Franchise Agreement and any renewal hereof, Franchisee must identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including invoices, order forms, and contracts, as well as the display of a notice of its ownership at such conspicuous locations in the Restaurant Premises and any catering and delivery vehicles as Franchisor may designate.

c. Franchisee must not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

9.3 Franchisee must notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, and any claim by any person of any rights in any Mark, and Franchisee and the Controlling Principals must 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 has 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 the Eggspectation Companies of, any settlement, litigation or Patent and Trademark Office proceeding arising out of any such alleged infringement, challenge or claim, or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all losses, damages and expenses (excluding consequential and special damages) actually incurred by Franchisee as a result of any settlement, litigation proceeding (including any settlement amounts) arising out of a claim that Franchisee's use of any of the Marks infringes on a third party's intellectual property rights; provided such use of the Marks is in full compliance with the terms of this Franchise Agreement; and, provided further, that Franchisee and the Controlling Principals have otherwise fully complied with the provisions of this Section 9.3 (and any other applicable provisions of this Franchise Agreement) with respect to such settlement, litigation or proceeding.

9.4 Franchisee acknowledges and agrees that Franchisor is the owner of the Trade Dress that will be employed in the Restaurant (the **"Trade Dress"**), and that Franchisee may only use the Trade Dress in strict accordance with the terms of this Agreement. The Trade Dress, which is and will be protected under this Agreement as a component of the "Marks", consists of the overall visual image presented to customers, and which is exemplified by the "look and feel" of Eggspectation Restaurants located in the United States, including, *without limitation*, the combination of some or all of the elements specified in Schedule B of this Agreement. Franchisee may not assert the invalidity of or otherwise challenge or contest Franchisor's ownership of the Trade Dress, and may not challenge or assert in any way that the Trade Dress is not the unique, proprietary and distinctive concept and property of Franchisor.

ARTICLE X CONFIDENTIALITY AND NONCOMPETITION COVENANTS

10.1 Except as otherwise provided in this Section 10.1, neither Franchisee nor any Controlling Principal will communicate or divulge to, or use for the benefit of, any other person or entity other than Franchisee (and then, solely in furtherance of the development, opening and operation of the Restaurant in accordance with the provisions of this Franchise Agreement) and/or Franchisor, any Confidential Information, during the term of or at any time after the termination or expiration of this Franchise Agreement. For purposes of this Franchise Agreement **"Confidential Information"** means all confidential and proprietary information relating to the System and/or concerning the methods of operation of the Restaurant that may be communicated to Franchisee and/or the Controlling Principals or of which Franchisee and/or the Controlling Principals may be apprised in connection with the Restaurant or otherwise in connection with the operation of the Restaurant under the terms of this Franchise Agreement, including, without limitation, all **trade secrets** (as that term is defined under the Maryland Uniform Trade Secrets Act, codified at Title 11, Subtitle 12 of the Maryland Code, Commercial Law Article), the contents of the Manuals, all operational and sales methods and techniques that are not readily apparent to a person patronizing the Restaurant the first time all information, knowledge, know-how and materials used in or related to the System, and any and all other information and materials that Franchisor provides to Franchisee in connection with this Franchise Agreement. Franchisee and the Controlling Principals may divulge such Confidential Information only to Franchisee's principals and/or employees who must have access to it in order to develop, manage and/or operate the Restaurant in accordance with and subject to terms and conditions of this Franchise Agreement. Neither Franchisee nor the Controlling Principals may at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise disclose or make the same available to any person, except as expressly provided and permitted under this Franchise Agreement. The covenants in this Section 10.1 shall survive the expiration, termination or transfer of this Franchise Agreement or any interest herein, and shall be perpetually binding upon Franchisee and each of the Controlling Principals. The Manuals and all other Confidential Information shall at all times remain the sole property of Franchisor. However,

10.2 Franchisee specifically acknowledges that, pursuant to this Franchise Agreement, its agents receive valuable training, trade secrets and other Confidential Information that are beyond the present skills and experience of Franchisee, the Controlling Principals and Franchisee's managers and employees. Franchisee acknowledges that such specialized training and Confidential Information provide a competitive advantage and will be valuable to them in the development, management and/or operation of the Restaurant, and that gaining access to such specialized training, and Confidential Information is, therefore, a primary reason why it is entering into this Franchise Agreement. In consideration for access to such specialized training, trade secrets and other Confidential Information, Franchisee covenants that during the term of this Franchise Agreement, except as otherwise approved in writing by Franchisor, neither Franchisee, any of the Controlling Principals, or the Operating Principal may, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity:

10.2.1 divert or attempt to divert any business, business opportunity, or customer of the Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System or to any other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the Marks and the System; or

10.2.2 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity located within the United States, its territories or commonwealths, or elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks, which business or activity is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu that are substantially similar on an aggregate basis to the Eggspectation menu (as modified from time to time).

10.3 In consideration for the specialized training, Confidential Information and rights described in Section 10.2, Franchisee and Operating Principal each covenant that with respect to Franchisee, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of Franchisee's interest in, this Franchise Agreement (or, with respect to the Operating Principal, commencing upon the earlier of: (1) the expiration, termination of, or transfer of all of Franchisee's interest in, this Franchise Agreement or (2) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as set forth in Article XXIV hereof) and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Franchisee nor the Operating Principal may, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person or entity:

10.3.1 divert or attempt to divert any business, business opportunity, or customer of the Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System or to any other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the Marks and the System;

10.3.2 employ or solicit for employment any person who is at the time, or was within the preceding ninety (90) days, employed by Franchisor, any of the Eggspectation Companies, or any of the System's franchisees or area developers, or otherwise directly or indirectly induce or attempt to induce any person to leave that person's employment or other business relationship with Franchisor, the Eggspectation Companies or the System's franchisees or area developers, or to otherwise terminate, reduce or change his/her/its employment or other business relationship with Franchisor, any of the Eggspectation Companies, or any of the System's franchisees or area developers; or

10.3.3 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity which (i) is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu that are substantially similar on an aggregate basis to the Eggspectation menu (as modified from time to time), and (ii) is or is intended to be located within the Area of Primary Responsibility, at or within a ten (10) mile radius of the Approved Location, or within a ten (10) mile radius of any other Eggspectation Restaurant in existence or under construction as of the date of hereof or as of the date of termination, expiration or transfer, as permitted by applicable law.

10.4 Sections 10.2.2 and 10.3.3 shall not apply to ownership of less than a two percent (2%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

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

10.6 Franchisor may, in its sole discretion, to reduce the scope of any covenant set forth in this Article X, or any portion thereof, without their consent, effective immediately upon notice to Franchisee. Franchisee and the Controlling Principals agree that they will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 22.3 hereof.

10.7 The existence of any claims that Franchisee may have against Franchisor, whether or not arising from this Franchise Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Article X.

10.8 Franchisee must require and obtain execution of the Covenants from its General Manager and all other personnel of Franchisee (including any of the Franchisee's Principals and their spouses) who have received or will have access to training from Franchisor and/or any Confidential Information. Franchisee must obtain from its consultants and advisors who have received or will have access to any Confidential Information execution of confidentially covenants substantially similar to the confidentiality covenants set forth in the Covenants. Franchisee must deliver copies of all executed covenants required hereunder within ten (10) business days following commencement of the relevant person's employment or other relationship with Franchisee. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or the scope of any covenant or to eliminate such covenant altogether for any party that is required to execute such agreement under this Article X.

10.9 Neither Franchisee nor the Controlling Principals may develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant unless Franchisee first submits to Franchisor a request for a test of such concept, process, product, recipe or improvement. A decision to perform such testing shall be in Franchisor's sole discretion. If Franchisor engages in such testing, and approves Franchisee's request, Franchisee may adopt such concept, process, product, recipe or improvement subject to terms, conditions, and limitations imposed by Franchisor in connection with such approval, Franchisee and the Controlling Principals acknowledge that any such concept, process, product, recipe, or improvement will become the property of Franchisor and will constitute Confidential Information. Franchisor may use and/or disclose all such concepts, processes, products, recipes and improvements to other franchisees as it deems appropriate, and Franchisee will be entitled to no compensation whatsoever in connection with any such use or disclosure.

10.10 Failure to comply with the requirements of this Article X constitutes a material event of default under this Franchise Agreement. Franchisee and the Controlling Principals hereby acknowledge and agree that, if any of the covenants set forth in Article X are breached, Franchisor may suffer immediate and irreparable harm for which monetary damages alone will not be a sufficient remedy. Accordingly, the Franchisee and the Controlling Principals hereby agree that, in addition to all other remedies Franchisor may have under this Franchise Agreement, at law or in equity, Franchisor is entitled to seek injunctive relief, specific performance or any other form of equitable relief to remedy any such breach or threatened breach. Franchisee and the Controlling Principals agree to pay all expenses, court costs and attorneys' fees incurred by Franchisor in connection with the enforcement of any provision of this Article X, including obtaining injunctive relief or specific performance.

ARTICLE XI BOOKS AND RECORDS

11.1 During the term of this Franchise Agreement, and for at least five (5) years from the dates of their preparation (or such longer period as may be required by applicable law), Franchisee must maintain 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, records, 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.

11.2 In addition to the remittance of the Royalty Reports required under Article IV and the advertising reports required under Article VIII, Franchisee must comply with the following reporting obligations:

11.2.1 Submit to Franchisor, using charts of accounts prescribed by Franchisor, a profit and loss statement for Franchisee for each accounting period designated by Franchisor (each, a **"Statement Period"**) (which may be unaudited) within fifteen (15) days after the end of each Statement Period during the term hereof. Unless otherwise provided in the Operations Manual, each Statement Period will be a calendar quarter. Each such statement must be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 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 and a balance sheet as of the end of said fiscal year; provided, however, that Franchisor may require the annual 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 pursuant to Section 11.2.4 discloses an understatement of two percent (2%) or more in any Royalty Report or other report delivered to Franchisor;

11.2.3 Franchisee also must submit to Franchisor, for review and/or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in writing;

11.2.4 Franchisor or its designees have the right at all reasonable times to review, audit, examine and copy at the Restaurant any or all of the books and records of Franchisee related to the Restaurant as Franchisor may require. Franchisee must make such books and records available to Franchisor or its designees immediately upon request. If any required Royalty Fees or other payments to Franchisor are delinquent, or if an inspection reveals that such payments have been understated in any Royalty Report or other report to Franchisor, then Franchisee must immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee must, in addition, reimburse Franchisor for all costs and expenses incurred in connection with such inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have under this Franchise Agreement, at law or in equity;

11.2.5 Franchisee understands and agrees that Franchisor's receipt and/or acceptance of any Royalty Report or other report furnished by Franchisee or any Royalty Fees or other payments paid by Franchisee (or the cashing of any royalty checks or processing of any EFT) does not preclude Franchisor from questioning the correctness thereof at any time and, if any inconsistencies or mistakes are discovered in such reports or payments, such inconsistencies or mistakes must immediately be rectified by Franchisee and the appropriate payment must immediately be made by Franchisee;

11.2.6 Franchisee hereby authorizes (and agrees to execute and deliver any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Restaurant. Franchisee authorizes Franchisor to disclose data from Franchisee's Royalty Reports and other 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; and

11.2.7 Franchisee hereby appoints (and agrees to execute and deliver any other documents deemed necessary to effect such appointment) Franchisor its true and lawful attorney-in-fact with full power and authority, for the purpose of obtaining any and all returns and reports filed by Franchisee with any state and/or federal taxing authority. Franchisee must execute such forms required by taxing authorities from time to time to enable Franchisor to obtain such tax returns and reports. This power of attorney will survive the expiration or termination of this Franchise Agreement.

ARTICLE XII INSURANCE

12.1 Upon execution of this Franchise Agreement and a lease or purchase agreement for the Approved Location, Franchise must procure and maintain in full force and effect at all times during the remaining term of this Franchise Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor and the Franchisor Parties against any demand or claim with respect to personal injury, death, property damage, or any loss, liability or expense whatsoever arising or occurring upon the Restaurant Premises or otherwise in connection with the Restaurant.

12.2 Such policy or policies must be written by a reputable carrier or carriers with an A.M. Best Company rating of A+ reasonably acceptable to Franchisor and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time), in accordance with Franchisor's standards and specifications set forth in writing, the following:

12.2.1 In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, Franchisee must maintain builder's risks/installation insurance in forms and amounts reasonably satisfactory to Franchisor.

12.2.2 "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 Restaurant Premises.

12.2.3 Business interruption insurance covering at least twelve months' loss of profits and necessary continuing expenses for interruptions caused by an occurrence covered by the insurance referred to in Sections 12.2.1 and 12.2.2 above.

12.2.4 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 $5,000,000 combined single limit.

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

12.2.6 Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 combined single limit.

12.2.7 Workers' compensation insurance in amounts required under applicable law.

12.2.8 Liquor Liability for combined single limits of bodily injury and property damage of not less than $1,000,000 per occurrence.

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

12.3 Franchisee's obligation to obtain and maintain the insurance policies required under this Article XII in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Article XV.

12.4 Each liability policy of any kind must contain an Additional Insured Endorsement naming Franchisor and its respective officers, directors, partners, members, affiliates, subsidiaries, and employees as additional insureds. Additional insured status must include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form must be ISO CG 20-26 or any other form approved in writing by Franchisor that provides comparable coverage. Additional insured coverage must not be limited to vicarious liability and must extend to (and contain no endorsement limiting coverage for) the negligent acts, errors or omissions of Franchisor or other additional insureds.

12.5 Upon obtaining the required insurance coverages and thereafter in accordance with Article II and thirty (30) days prior to the expiration of any such policy, Franchisee must 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 must deliver to Franchisor a copy of the insurance policy or policies required hereunder. Further, all insurance policies required hereunder must expressly provide that no less than thirty (30) days' prior written notice must be given to Franchisor in the event of a material alteration to or cancellation of the policies.

12.6 Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Franchise Agreement or otherwise by Franchisor's standards and specifications, as such requirements may be revised from time to time by Franchisor in writing, Franchisor shall have the right and authority, but not the obligation, immediately to procure such insurance and to charge the cost thereof to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, must be paid by Franchisee immediately upon written demand therefor. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Franchise Agreement, at law or in equity.

ARTICLE XIII DEBTS AND TAXES; REGULATION

13.1 Franchisee must promptly pay when due all Taxes (as defined in Section 13.2 hereof), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee as a result of or in connection with the conduct of the Restaurant under this Franchise Agreement. Without limiting the provisions of Article XV, Franchisee shall be solely liable for the payment of all Taxes and must 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 must submit a copy of all tax filings sent to federal, state and local tax authorities to Franchisor within thirty (30) days after such filing has been made with the appropriate taxing authority.

13.2 Each payment to be made to Franchisor hereunder must be made free and clear and without deduction for any Taxes. The term **"Taxes"** means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Restaurant, the payment of monies, or the exercise of rights granted pursuant to this Franchise Agreement, except Taxes imposed on or measured by Franchisor's net income.

13.3 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 may 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 Restaurant Premises or any improvements thereon.

13.4 Franchisee must comply with all federal, state and local laws, rules and regulations and must timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Restaurant, 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.

13.5 Franchisee must notify Franchisor in writing immediately of the commencement of any action, suit or proceeding, or 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 Franchisee and/or the Restaurant.

ARTICLE XIV TRANSFER OF INTEREST

14.1 Franchisor may transfer or assign this Franchise Agreement and all or any part of its rights or obligations hereunder to any person or legal entity without Franchisee's consent. Specifically, and without limitation to the foregoing, 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 foregoing 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) and/or the System from Franchisor to any other party. Nothing contained in this Franchise Agreement will require Franchisor to offer any services or products, whether or not bearing the Marks, to Franchisee if Franchisor assigns its rights in this Franchise Agreement.

14.2 Franchisee and the Controlling Principals acknowledge and understand that the rights and duties set forth in this Franchise Agreement are personal to Franchisee, and that Franchisor has granted the rights and license under this Franchise Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Controlling Principals and with the expectation that the duties and obligations contained in this Franchise Agreement will be performed by Franchisee and the Controlling Principals signing this Franchise Agreement. Accordingly, neither Franchisee nor any Controlling Principal, nor any successor or assign of Franchisee or any Controlling Principal, may sell, assign, transfer, convey, gift, pledge, mortgage or otherwise encumber (each, a **"Transfer"**) any direct or indirect interest in this Franchise Agreement, in the Restaurant, in the assets of the Restaurant or in Franchisee (each, an **"Interest"**) without the prior written consent of Franchisor, which will not unreasonably be withheld or delayed. Any purported Transfer, by operation of law or otherwise, made in violation of this Franchise Agreement shall be null and void and shall constitute a material event of default under this Franchise Agreement.

14.2.1 If Franchisee or a Controlling Principal desires to Transfer all or part of an Interest, the transferor and the proposed transferee must apply to Franchisor for its consent and provide Franchisor written notice describing all the terms and conditions of the proposed transfer, including, without limitation, an explanation of how the proposed transferee will finance the purchase. Franchisor may, in its sole discretion, require compliance with any or all of the following as conditions of its consent to any such Transfer:

a. All of the accrued monetary obligations owed by Franchisee and/or any of its affiliates to Franchisor and/or any of the Eggspectation Companies under this Franchise Agreement, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of the Eggspectation Companies, are satisfied at the time of Transfer;

b. Neither Franchisee nor any of its affiliates is at the time of Transfer in default of any provision of this Franchise Agreement, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of the Eggspectation Companies, and Franchisee has substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

c. The transferor and its principals (if applicable) execute a general release of any and all claims, actions, causes of action, damages, costs, losses, debt and expenses of any nature whatsoever, that transferor and its principals, or any of them, ever had, now have or hereinafter may have, against Franchisor the other Franchisor Parties, or any of them, in their corporate and individual capacities, in any way arising from or relating to any act, omission, transaction or event occurring before the effective date of the Transfer, including, without limitation, claims arising under this Franchise Agreement;

d. The transferee demonstrates that the terms of the proposed transfer (including financing) will not prevent the proposed transferee from operating the Restaurant in compliance with the Franchise Agreement and at or above the level of productivity at which it was operated by Franchisee, and that transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a license, including, but not limited to, Franchisor's educational, managerial and business standards; transferee's moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the Restaurant (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 Eggspectation Restaurants owned or operated by transferee;

e. The transferee enters 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 of the Franchisee's obligations, covenants and agreements contained in this Franchise Agreement; and, if transferee is an entity, transferee's shareholders, members or partners, as the case may be, must execute such agreement as a principal of transferee and guarantee the payment and performance of all such obligations, covenants and agreements;

f. If less than five (5) years remain in the Term, the transferee executes, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as Franchisor may require for the Restaurant, which agreements shall supersede this Franchise Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Franchise Agreement, including, without limitation, a higher percentage royalty fee, advertising contribution or expenditure requirement; provided, however, that the transferee shall not be required to pay any Initial Franchise Fee; and, if transferee is an entity, transferee's shareholders, members or partners, as the case may be, must execute such agreement as principals of transferee and guarantee the performance of all such obligations, covenants and agreements;

g. The transferee, at its expense, renovates, modernizes and otherwise upgrades the Restaurant and, if applicable, any catering or delivery vehicles, to conform to the then-current standards and specifications of the System within the time period reasonably specified by Franchisor;

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

i. The transferee pays to Franchisor a transfer fee equal to the greater of twenty-five percent (25%) of Franchisee's Initial Franchise Fee or twenty-five percent (25%) of the Initial Franchise Fee then being charged to franchisees;

j. If Franchisee will finance all or any portion of the transferee's purchase, Franchisee: (i) guaranteeing the transferee's obligations under its franchise agreement with Franchisor until the loan to the transferee is repaid in full; and (ii) subordinating any security interest(s) in transferee or its assets to Franchisor's right to be paid all amounts owed by the transferee to Franchisor.

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

14.2.2 Franchisee may not grant a security interest in this Franchise Agreement, in the Restaurant or in any of the assets used in the operation of the Restaurant without Franchisor's prior written consent. In connection with any security interest granted in compliance with this Section 14.2.2, 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 will have the right and option, but not the obligation, to be substituted as obligor to the secured party and to cure any default of Franchisee.

14.2.3 If the proposed Transfer is to an entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section 14.2.1, except that the requirements in Sections 14.2.1 c, d, f, g, h and i shall not apply. With respect to a Transfer to an entity formed for the convenience of ownership, Franchisee must be the owner of all of the voting stock or interest of such entity, and if Franchisee is more than one individual, each individual must have the same proportionate ownership interest in such entity as he had in Franchisee prior to the transfer.

14.3 Anything herein notwithstanding, if Franchisee or a Controlling Principal wishes to Transfer all or part of his/its Interest pursuant to any <u>bona fide</u> offer received from a third party other than another Controlling Owner (the **"Third Party Offer"**) to purchase such Interest (the **"Seller's Interest"**), then such proposed seller (the **"Seller"**) must promptly notify Franchisor in writing (the **"Offer Notice"**) of each such offer, including with such notice a copy of the Third Party Offer and such other information and documentation relating to the Third Party Offer as Franchisor may require. Franchisor shall have the right and option, but not the obligation, exercisable within thirty (30) days after receipt of the Offer Notice and such additional information and documentation as required by Franchisor (the **"Option Period"**), to elect to purchase the Seller's Interest in accordance with the terms of the Third Party Offer, subject to Section 14.3.2, below. Franchisor may exercise its option to purchase the Seller's Interest by delivering a written notice of acceptance (the **"Election Notice"**) to the Seller on or before the thirtieth (30th) day following receipt of the Offer Notice. If Franchisor elects to purchase the Seller's Interest, unless otherwise agreed by the parties, closing on such purchase must occur within the later of (i) sixty (60) days from the date the Election Notice is delivered to Seller, (ii) thirty (30) days from the date

Franchisor receives or obtains all necessary documentation, permits and approvals, and (iii) the closing date set forth in the Third Party Offer.

14.3.1 If Franchisor does not exercise its option prior to the expiration of the Option Period, Seller may Transfer the Seller's Interest to the Third Party in accordance with the terms of the Third Party Offer; provided all applicable requirements of Section 14.2.1 have been satisfied. Any material change in the terms of the Third Party Offer prior to closing shall constitute a new offer subject to a new right of first refusal by Franchisor. Failure of Franchisor to exercise the option afforded by this Section 14.3 shall not constitute a waiver of any other provision of this Franchise Agreement, including the requirements of Section 14.2, with respect to a proposed Transfer.

14.3.2 If the Third Party Offer provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the Seller's Interest 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 Third Party Offer, then such amount must 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 must split the appraisal fees. If Franchisor elects to purchase Seller's Interest pursuant to this Section 14.3, it may 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 and/or its affiliates to Franchisor and/or any of the Eggspectation Companies.

14.4 Failure to comply with the provisions of this Article XIV prior to the Transfer of any Interest shall constitute a material event of default under this Franchise Agreement.

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

14.6 Upon the Permanent Disability (as defined herein) of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person, Franchisor may, in its sole discretion, require such disabled individual's Interest to be transferred to a third party in accordance with the conditions described in this Article XIV within six (6) months after written notice to Franchisee. **"Permanent Disability"** means any physical, emotional or mental injury, illness or incapacity that prevents a person from performing the obligations set forth in this Franchise Agreement or in the Guaranty made part of this Franchise Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by Franchisor. If the individual refuses to submit to an examination, then such individual automatically shall be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 14.6. The costs of any examination required by this Section 14.6 must be paid by Franchisor.

14.7 Upon the death or claim of Permanent Disability of Franchisee or any Controlling Principal, Franchisee or a representative of Franchisee must notify Franchisor of such death or claim of Permanent Disability within five (5) days of its occurrence. Any transfer upon death or Permanent Disability shall be subject to the same terms and conditions as described in Section 14.2 for any <u>inter</u>

vivos transfer, except that the transfer fee otherwise payable pursuant to Section 14.2.1(i) shall not apply. If an interest is not transferred upon death or Permanent Disability as required under Section 14.5 or Section 14.6, as the case may be, then such failure shall constitute a material event of default under this Franchise Agreement.

14.8 Franchisor's consent to a Transfer of any Interest shall not constitute a waiver of any claims that Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Franchise Agreement by the transferee(s).

14.9 Securities in Franchisee may be offered to the public (a "public offering") only with the prior written consent of Franchisor. As a condition of such consent, Franchisor may require that, immediately after such offering, the Controlling Principals retain a Controlling Interest in Franchisee. For purposes of this Article XIV, "Controlling Interest" shall mean that the Controlling Principals, either individually or cumulatively, are entitled under the entity's organizational documents to cast a sufficient number of votes to require such entity to take or omit to take any action that it is required to take or omit to take under this Franchise Agreement.

14.10 All materials required for a Franchisee public offering by federal or state law must 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 by Franchisee in any exempt offering or private placement must be submitted to Franchisor for its prior review. No Franchisee offering (public or private) may 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/or one or more of the Eggspectation Companies. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Controlling Principals and the other participants in the offering must fully indemnify Franchisor and all other Franchisor Parties in connection with the offering. In addition, for each proposed public or private offering, Franchisee must pay to Franchisor a non-refundable fee of $25,000, or such greater amount as is necessary to reimburse Franchisor for its costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee must give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by Sections 14.9 or 14.10.

14.11 If any person holding an Interest (other than Franchisee or a Controlling Principal, which parties shall be subject to all of the provisions of this Article XIV) desires to Transfer all or part of such Interest, Franchisee must promptly notify Franchisor of such proposed Transfer in writing and must provide to Franchisor such information relevant thereto as Franchisor may reasonably request. In no event may any transferee of an Interest be a competitor of Franchisor, the System or any Eggspectation Restaurant operating under the System. Any transferee of an Interest will be deemed a Franchisee's Principal for purposes of this Franchise Agreement and as such must execute Franchisor's then current form of Covenants. Franchisor reserves the right to designate such transferee as a Controlling Principal.

14.12 Unless specifically agreed to by Franchisor in writing, no assignment or any other Transfer by Franchisee, with or without Franchisor's consent, during the term of this Franchise Agreement or any renewal period, will release Franchisee from any liability under the terms of this Franchise Agreement, nor will Franchisee be relieved of the obligations of satisfying or performing any of the terms, covenants and conditions of this Agreement.

ARTICLE XV INDEMNIFICATION

15.1 Franchisee must at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor and all other Franchisor Parties from and against any and all "Losses and Expenses" (as defined in Section 15.5 hereof) 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) (each, a "Claim") whatsoever arising or occurring upon the Restaurant Premises or otherwise in connection with the Restaurant, including (but not limited to) any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by Franchisee of any patent, mark or copyright or other proprietary right owned or controlled by a third party (except for any infringement, alleged infringement, or any other violation or alleged violation for which Franchisor is obligated to indemnify Franchisee pursuant to Section 9.3 hereof);

15.1.2 The violation, breach or asserted violation or breach by Franchisee of any federal, state or local law, rule, regulation, order, directive or any applicable industry standard;

15.1.3 Libel, slander or any other form of defamation of Franchisor, the Eggspectation Companies, the System or any franchisee or area developer operating under the System, by Franchisee, its affiliates and/or any of the Controlling Principals;

15.1.4 The violation or breach of any warranty, representation, agreement or obligation under this Franchise Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of the Eggspectation Companies, or any contract or agreement with a third party concerning or relating to the Restaurant; and

15.1.5 Acts, errors, or omissions of Franchisee, its affiliates, successors or assigns, or any of the Controlling Principals and/or the directors, officers, shareholders, members, partners, managers, agents, representatives, independent contractors, servants and employees of Franchisee and/or its affiliates (collectively, the "Franchisee Parties") in connection with the establishment or operation of the Restaurant or otherwise in connection with the Restaurant, including, without limitation, any acts, errors or omissions of the Franchisee Parties, or any of them, in the operation of any motor vehicle.

15.2 Franchisee must give Franchisor immediate written notice of any Claim. At the expense and risk of Franchisee, Franchisor may assume control of, and/or select counsel of its own choosing with respect to, the defense and/or settlement of any such Claim. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of the Controlling Principals to indemnify Franchisor and all of the Franchisor Parties and to hold them harmless.

15.3 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 Claim if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Sections 15.1.1, 15.1.2, 15.1.3 and 15.1.4 have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to any person or any property.

15.4 All Losses and Expenses incurred under this Article XV shall be chargeable to and paid by Franchisee pursuant to the obligations of indemnity under this Article XV, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

15.5 For purposes of this Article XV, **"Losses and Expenses"** include, without limitation, all losses, damages (including consequential, compensatory and exemplary damages), fines, charges, costs, expenses, lost profits, legal fees, court costs, settlement amounts and judgments. Without in any way limiting the foregoing, Losses and Expenses include compensation for damages to Franchisor's reputation and goodwill, to its ability to obtain or maintain financing, for its costs for advertising material and media time/space purchased in response to the covered claim, and any and all expenses of refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.6 Neither Franchisor nor the Franchisor Parties assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of its affiliates, the Controlling Principals or any other Franchisee Parties may contract, regardless of the purpose of such contract. Franchisee must hold harmless and indemnify Franchisor and the Franchisor Parties for all Losses and Expenses that result from or arise out of any acts, errors or omissions of Franchisee, without regard to the cause or causes thereof or the negligence of Franchisor or any Franchisor Party, whether such negligence be sole, joint or concurrent, or active or passive.

15.7 Under no circumstances will Franchisor or any of the Franchisor Parties 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 Controlling Principals. Franchisee and each of the Controlling Principals agree that the failure to pursue such recovery or to mitigate losses will in no way reduce the amounts recoverable from Franchisee by Franchisor or any of the Franchisor Parties.

15.8 The terms of this Article XV shall survive the termination or expiration of this Franchise Agreement or the Transfer of any interest herein.

ARTICLE XVI RELATIONSHIP OF THE PARTIES

16.1 The parties agree that this Franchise Agreement does not create a fiduciary relationship between them, that Franchisee is an independent contractor, and that nothing in this Franchise Agreement is intended to make either party an agent, legal representative, partner, employee, joint employer or servant of the other for any purpose. Franchisor shall not have the power to hire or fire Franchisee's employees, and except as herein expressly provided, Franchisor may not control or have access to Franchisee's funds or the expenditures thereof, or in any other way exercise dominion or control over the Restaurant.

16.2 During the term of this Franchise Agreement, Franchisee must hold itself out to the public as an independent contractor developing and operating the Restaurant pursuant to the rights granted by Franchisor. Franchisee must take such actions as may be necessary to that end, including, without limitation, exhibiting notices of that fact in a conspicuous place on the Restaurant Premises, on any catering or delivery vehicles, on all letterhead, business cards and forms utilized in connection with the Restaurant, and as further described in the Manuals. Franchisor reserves the right to specify in writing the content and form of such notices.

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

ARTICLE XVII DEFAULT AND TERMINATION

17.1 Franchisee acknowledges and agrees that each of its obligations described in this Franchise Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect Franchisor and the System; and that the exercise by Franchisor of any or all of the rights and remedies set forth herein is appropriate and reasonable protect the legitimate interests of Franchisor and the System.

17.2 Franchisee shall be deemed to be in material default under this Franchise Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if: (i) Franchisee or any of the Controlling Principals becomes insolvent or makes a general assignment for the benefit of creditors; (ii) Franchisee or any of the Controlling Principals 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; (iii) Franchisee or any of the Controlling Principals is adjudicated as bankrupt or insolvent in proceedings filed against Franchisee or a Controlling Principal 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 over its business or assets is filed and consented to by Franchisee; (iv) 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 for any reason other than the death of the Controlling Principal; (v) a final judgment against Franchisee or any Controlling Principal remains unsatisfied or of record for thirty (30) days or longer; (vi) Franchisee is dissolved or execution is levied against the Restaurant or Franchisee's other property; or (vii) suit to foreclose any lien or mortgage against the Restaurant Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.3 Franchisee shall be deemed to be in material default under this Franchise Agreement and Franchisor may, at its option, terminate this Franchise Agreement and all rights granted hereunder without affording Franchisee any opportunity to cure (or additional opportunity to cure such default), effective immediately and automatically upon notice to Franchisee, upon the occurrence of any of the following:

17.3.1 Franchisee operates the Restaurant, or sells any products or services authorized by Franchisor for sale only at the Restaurant, at any location that has not been approved by Franchisor or for which Franchisor has withdrawn its approval;

17.3.2 Franchisee fails to construct or remodel the Restaurant in accordance with the plans and specifications provided to Franchisee under Section 5.1.3 hereof, as such plans may be adapted with Franchisor's approval in accordance with Section 2.7 hereof;

17.3.3 Franchisee fails to open the Restaurant for business within the period specified in Section 2.9 hereof;

17.3.4 Franchisee at any time ceases to operate or abandons the Restaurant, or loses the right to possession of the Restaurant Premises; provided, however, that this provision shall not apply if, through no fault of Franchisee, such default is caused by an event of Force Majeure (as defined in Article XXIV), Franchisee applies within thirty (30) days after such event for Franchisor's approval to relocate or reconstruct the Restaurant (which approval shall not be unreasonably withheld), and Franchisee diligently pursues such relocation or reconstruction to completion. Franchisor's 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;

17.3.5 Franchisee or any of the Controlling Principals is convicted of, or has entered a plea of nolo contendere to, a felony or a crime involving moral turpitude, or commits any other act that is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein, including, without limitation, acts of harassment or discrimination;

17.3.6 A material threat or danger to public health or safety results from the construction, maintenance and/or operation of the Restaurant;

17.3.7 Franchisee fails to designate a qualified replacement or successor Operating Principal (or his designee, as applicable) or General Manager within the time required under Section 6.4, or Section 6.5, as the case may be;

17.3.8 Franchisee or any of the Controlling Principals purports to Transfer any rights or obligations under this Franchise Agreement or otherwise to Transfer any Interest to any third party without strict compliance with all applicable provisions of Article XIV hereof;

17.3.9 Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay when due any monetary obligation owing to Franchisor or any of the Eggspectation Companies or vendors under this Franchise Agreement or any other agreement, including, without limitation, the Royalty Fees, or to submit the reports or other information required by Franchisor under this Franchise Agreement, including, without limitation, the Royalty Reports, and does not cure such default within five (5) days following written notice thereof 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);

17.3.10 Franchisee or any of the Controlling Principals breaches any of the covenants or obligations set forth in Section 10.1, 10.2 or 10.3;

17.3.11 Franchisee fails to obtain execution of the Covenants required under Section 10.8 within thirty (30) days after being requested to do so by Franchisor;

17.3.12 An approved Transfer upon death or Permanent Disability of Franchisee or any Controlling Principal is not effected within the time period and in the manner prescribed by Section 14.5, or Section 14.6, as the case may be;

17.3.13 Franchisee knowingly maintains false books or records or submits any false Royalty Reports or other reports to Franchisor;

17.3.14 Franchisee or any of the Controlling Principals breaches in any material respect any of the representations, warranties, covenants or agreements set forth in Article VI;

17.3.15 Franchisee fails to procure and maintain insurance policies as required by Article XII and Franchisee fails to cure such default within seven (7) days following written notice thereof from Franchisor;

17.3.16 Franchisee 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 written notice thereof from Franchisor;

17.3.17 Franchisee fails to comply with any of the requirements imposed by the lease for the Restaurant Premises or the related Collateral Assignment of Lease in favor of Franchisor, and does not cure such default within the cure period, if any, specified in the lease or the Collateral Assignment of Lease;

17.3.18 Franchisee and any of the Controlling Principals commit two (2) or more material defaults under this Franchise Agreement in 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.

17.3.19 Franchisee, any of its Affiliates or any of its Controlling Principals commits a material default under any other agreement with Franchisor or any of the Eggspectation Companies, except for a failure to comply with the development schedule set forth in any Area Development Agreement with Franchisor.

17.4 Except as otherwise expressly provided in Sections 17.2 and 17.3 hereof, upon any default by Franchisee that is susceptible of being cured, Franchisor may terminate this Franchise Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination. However, Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within such thirty (30)-day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Franchise Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of such thirty (30)-day period or such longer period as applicable law may require.

17.5 The events of default and grounds for termination described in this Article XVII are in addition to any other grounds for termination contained elsewhere in this Franchise Agreement or otherwise. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy permitted by law.

ARTICE XVIII POST-TERMINATION

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

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

18.2 Franchisee must immediately and permanently cease to use, in all manners whatsoever, the Marks, all distinctive forms, slogans, signs, symbols, menus, and devices associated with the System, and all other Confidential Information.

18.3 Franchisee must take such action as may be necessary to cancel any assumed name or equivalent registration that contains any Mark and furnish Franchisor with evidence its compliance with this obligation within five (5) days after termination or expiration.

18.4 If Franchisee continues to operate or subsequently begins to operate any other business, Franchisee must not use any reproduction, counterfeit, copy or colorable imitation of the Marks, the System or the Manuals, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in and to the same.

18.5 Franchisee must pay all sums owing to Franchisor and/or the Eggspectation Companies. Such sums shall include, without limitation, all damages, costs and expenses, including attorneys' fees incurred by Franchisor and/or the Eggspectation Companies as a result of any default by Franchisee and/or its Controlling Principals, 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 located on the Restaurant Premises at the time of default.

18.6 Franchisee must pay to Franchisor and/or the Eggspectation Companies all damages, costs and expenses, including attorneys' fees, incurred by Franchisor and/or the Eggspectation Companies in connection with obtaining any remedy available to Franchisor and/or the Eggspectation Companies for any violation of this Franchise Agreement and, subsequent to the termination or expiration of this Franchise Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article XVIII.

18.7 Franchisee must immediately deliver to Franchisor all Manuals and Confidential Information, 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 (in any form whatsoever) of any of the foregoing.

18.8 Franchisee and the Controlling Principals must comply with the restrictions on Confidential Information contained in Article X and shall also comply with the non-competition covenants contained in Article X. All persons required to execute the Covenants pursuant to Article X shall also comply with such Covenants.

18.9 Franchisee shall immediately furnish Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks, whether located on the Restaurant 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. Any such materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose whatsoever unless authorized in writing by Franchisor.

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

18.11 Franchisee must, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for the Restaurant Premises and/or any equipment located on or at the Restaurant Premises and used in connection with the operation of the Restaurant. Franchisor may exercise such option at any time or from time to time within thirty (30) days after the termination or expiration of this Franchise Agreement. If Franchisor does not elect to exercise its option to acquire the lease for the Restaurant Premises or does not have such option, Franchisee shall, at its sole cost and expense, make such modifications or alterations to the Restaurant Premises as are necessary to distinguish the appearance of the Restaurant from that of all other Eggspectation 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 de-identification requirements of this Section 18.11, Franchisor shall have the right to enter upon the Restaurant Premises, 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.

18.12 Subject to Sections 18.9, 18.10 and 18.11, Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Franchise 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, motor vehicles, supplies, and inventory of Franchisee related to the operation of the Restaurant, at Franchisee's cost or fair market value, whichever is less. Unless otherwise agreed in writing, any purchase pursuant to this Section 18.12 will be a purchase of assets only and Franchisor will not be deemed to assume any liabilities or obligations with respect thereto. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, the fair market value will be determined by three appraisers chosen in the following manner: Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.. If Franchisor elects to exercise any option to purchase pursuant to this Section 18.12, Franchisor may set off against any payment therefore (i) all fees for any such independent appraiser due from Franchisee hereunder, and (ii) all amounts due from Franchisee and/or its affiliates to Franchisor and/or any of the Eggspectation Companies.

18.13 If Franchisee owns the Restaurant Premises, then, Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Franchise Agreement, to purchase the Restaurant Premises including any building and improvements thereon, if applicable, for the fair market value of the land, building and improvements, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at Franchisee's cost or fair market value, whichever is less. Unless otherwise agreed in writing by Franchisor and Franchisee, any purchase pursuant to this Section 18.13 will be a purchase of assets only and Franchisor will not be deemed to assume any liabilities or obligations with respect thereto. If Franchisee does not own the land on which the Restaurant is located 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 or its Affiliate, as well as the 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 in Section 18.12.

18.14 With respect to the options described in Sections 18.11, 18.12 and 18.13, Franchisee must deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not provided all warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments, Franchisor may place the purchase price in escrow pending receipt thereof.

18.15 The time for closing of the purchase and sale of any property pursuant to Section 18.12 and/or 18.13 shall be a date not later than thirty (30) days after the purchase price is determined by the parties, or the appraisers, as the case may be, or such date Franchisor receives and obtains any and all necessary permits and approvals, whichever is later, unless the parties agree to designate another date. The time for closing on the assignment of any lease described in Section 18.11 shall be a date no later than ten (10) days after Franchisor's exercise of its option thereunder, unless Franchisor is exercising its options under either Section 18.12 or 18.13, in which case the date of the closing shall be on the same closing date prescribed for such option under Section 18.12 and/or Section 18.13. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

18.16 Franchisor may assign any and all of its options in this Article XVIII to any other party without the consent of Franchisee.

18.17 Franchisee, at the option of Franchisor, must cease using and assign to Franchisor all rights to the telephone numbers of the Restaurant and the Franchised Business and any related advertisement or listing containing any of those numbers. Further, Franchisee, at the option of Franchisor, must cease using and assign to Franchisor all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses and any and all other similar listings or usage that are associated with the Marks and the formerly Franchised Business. If Franchisor exercises any such options, Franchisee must execute and deliver all forms and documents required by Franchisor and any third party provider of telephone service and/or Internet domain registries to transfer such assets to Franchisor and/or participate in any "live" or "real time" processes required to assign control over telephone numbers or Internet assets. To the extent permitted by applicable law, Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignments described in this Section 18.17, which power of attorney will survive the expiration or termination of this Franchise Agreement.

18.18 Franchisee agrees to timely execute any legal document that may be necessary to effectuate the termination of this Franchise Agreement and to furnish to Franchisor, within thirty (30) days after the effective date of termination, written evidence satisfactory to Franchisor of Franchisee's compliance with the obligations set forth in Sections 18.1 through 18.9, above.

18.19 Other than as specifically set forth above, Franchisee will have no interest in the Restaurant upon termination or expiration of this Franchise Agreement.

ARTICLE XIX ALTERNATIVE REMEDIES

19.1 In addition to its right of termination under Article XVII, in the event Franchisee or any Controlling Principal commits one (1) or more defaults as identified in Sections 17.2, 17.3 or 17.4 of this Franchise Agreement, the following non-exclusive alternative remedies will be available to Franchisor:

19.1.1 Except with regard to defaults under Section 17.4, during any period in which Franchisee or any Controlling Principal is in default under this Franchise Agreement, the rights set forth in Section 1.6 hereof shall not apply, Franchisee being deemed to have waived such rights by virtue of such default. If Franchisor grants a franchise to a third party to operate an Eggspectation Restaurant within Franchisee's Assigned Area pursuant to this Section 19.1.1, such grant and the subsequent operation of such Restaurant will not constitute a violation of Franchisee's rights within the Assigned Area.

19.1.2 During any period in which Franchisee or any Controlling Principal is in default under this Franchise Agreement, Franchisor will have the right, but not the obligation, to send its representatives to the Restaurant Premises to operate the Restaurant during the period of default and until such time as Franchisee or its Controlling Principles have satisfactorily completed any and all remedial training required by Franchisor, or until Franchisor terminates this Franchise Agreement pursuant to Article XVII, but in no event for more than ninety (90) days, renewable as necessary for up to one (1) year. Franchisee agrees to permit Franchisor's representatives to enter the Restaurant Premises for this purpose, to fully comply with their directions concerning operation of the Restaurant, and to take no action that would hinder their operation of the Restaurant. Franchisor will periodically discuss the status of the Restaurant's operations with Franchisee. Franchisee will be obligated to reimburse Franchisor for its costs and expenses incurred in providing one or more representatives to operate the Restaurant, including, without limitation, reasonable salaries and travel and lodging expenses. Franchisee also will be responsible for all costs incurred for Franchisee or its Controlling Principals to attend any required remedial training programs, including travel and lodging expenses and Franchisor's then-current training fee. Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder respecting any acts and omissions which Franchisor or its representatives may perform, or fail to perform, pursuant to this Section 19.1.2.

19.2 The remedies described in this Article XIX are in addition to any other remedies available to Franchisor under this Franchise Agreement or otherwise. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law, equity this Franchise Agreement or any other agreement between Franchisor and Franchisee or any Controlling Principal.

ARTICLE XX ARBITRATION

20.1 Subject to the provisions contained in this Article XX, the parties agree to submit any and all claims, controversies and disputes between the parties arising out of or relating to this Franchise Agreement (including all Schedules and Exhibits attached hereto) and/or the relationship created by this Franchise Agreement (each, a "Dispute") to binding arbitration in accordance with the Commercial Rule Arbitration Rule of the American Arbitration Association ("AAA") or a comparable organization if AAA ceases to exist. The arbitration shall be conducted in Baltimore, Maryland by a single arbitrator (who shall be agreed upon by the parties) experienced in the arbitration of disputes between franchisors and franchisees. Any arbitration will be conducted on an individual basis and not on a consolidated or class-wide basis. If the parties are unable to agree on an arbitrator within fifteen (15) days following delivery from either party of a notice of such party's desire to submit the Dispute to arbitration, the arbitrator shall be selected in accordance with the AAA's arbitrator selection process. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the hearing with respect to the admissibility of evidence. If such rules conflict in any way with the provisions of this Franchise Agreement, the terms of this Franchise Agreement shall control. The arbitrator shall apply Maryland law for purposes of arbitrating the Dispute.

20.2 The costs and expenses of the arbitration, including compensation and expenses of the arbitrator (excluding the attorneys' fees and other professional fees incurred by either party), shall be borne by the parties equally; provided, that the arbitrator may award costs and fees (including attorneys' fees) to the prevailing party, if any.

20.3 Notwithstanding anything herein, the mandatory arbitration provision of Section 20.1 shall not apply to (i) disputes relating to actions to obtain possession of the Restaurant Premises, (ii) actions by either party for temporary or preliminary injunctive relief, (iii) actions by Franchisor for non-payment of Twenty Five Thousand Dollars ($25,000) or less in monies due, and (iv) actions, which under applicable law, are not permitted to be arbitrated.

20.4 Only Disputes involving Franchisee or any of the Principals may be brought under this Article XX. No claim for or on behalf of any other franchisee or other party may be brought by Franchisee or the Controlling Principals hereunder.

20.5 The parties hereto recognize, and any arbitrator is affirmatively advised, that certain provisions of this Agreement describe Franchisor's right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the Eggspectation® System. Where Franchisor has exercised the discretion described in the prior sentence, and has done so in a manner consistent with the obligations of corporate directors under the business judgment rule and with this Agreement, then the arbitrator may not substitute his or her judgment of the appropriate course of conduct for the judgment so exercised by Franchisor.

20.6 Both parties waive, to the greatest extent permitted by law, its right to seek or be awarded punitive or exemplary damages by an arbitrator, except that Franchisor may seek and obtain an award against Franchisee of trebled damages for trademark infringement should Franchisee continue to use the Marks after termination of the Franchise Agreement.

20.7 The foregoing provisions notwithstanding, if any court finds that the punitive damages limitation or class action waiver contained in this Article XX is unconscionable or otherwise unenforceable, then either party may require a dispute otherwise subject to this Article XX to be decided by a court in accordance with the terms of this Agreement without first submitting the dispute to arbitration.

20.8 FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING GOVERNING LAW AND FORUM SET FORTH IN SECTION 20.1 HEREOF PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND DISPUTES ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT TO COMPLY WITH THE PROVISIONS OF SECTION 20.1 HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

20.9 **THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER WITH RESPECT TO ANY AND ALL MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.** This waiver is a material inducement for Franchisor to enter into this Agreement.

20.10 A party that is successful in enforcing its rights under this Agreement through commencement of an action in arbitration shall be entitled to an award of its costs (including charges for investigation and preparation, expert witness, the arbitrator and the arbitration administrator) and reasonable attorney fees incurred in such arbitration.

20.11 This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

20.12 The provisions in this Article XX are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this Article XX will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with applicable law.

ARTICLE XXI GENERAL DISPUTE RESOLUTION PROVISIONS

21.1 WITH RESPECT TO ANY AND ALL CLAIMS, CONTROVERSIES AND DISPUTES BETWEEN THE PARTIES ARISING OUT OF OR RELATING TO THIS FRANCHISE

AGREEMENT (INCLUDING ALL SCHEDULES AND EXHIBITS ATTACHED HERETO) AND/OR THE RELATIONSHIP CREATED BY THIS FRANCHISE AGREEMENT (EACH, A "DISPUTE"), FRANCHISOR, FRANCHISEE AND ALL CONTROLLING PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND OR ANY MARYLAND STATE COURT HAVING JURISDICTION OVER THE SUBJECT MATTER OF THE DISPUTE. EACH PARTY HEREBY CONSENTS TO THE EXERCISE OF PERSONAL JURISDICTION BY ANY SUCH COURT WITH RESPECT TO ANY SUCH PROCEEDING.

21.2 EACH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT.

21.3 FRANCHISEE AND THE CONTROLLING PRINCIPALS ACKNOWLEDGE AND UNDERSTAND THAT FRANCHISOR MAY GRANT NUMEROUS FRANCHISES THROUGHOUT THE UNITED STATES ON TERMS AND CONDITIONS SIMILAR TO THOSE SET FORTH IN THIS FRANCHISE AGREEMENT, AND THAT IT IS OF MUTUAL BENEFIT TO FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR THAT SUCH TERMS AND CONDITIONS BE UNIFORMLY INTERPRETED. ACCORDINGLY, THE PARTIES HEREBY AGREE THAT, UNLESS THE LAW OF THE STATE WHERE THE APPROVED LOCATION IS SITUATED DOES NOT PERMIT ENFORCEMENT OF THIS PROVISION, THIS FRANCHISE AGREEMENT AND ALL OTHER ISSUES CONCERNING THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND. HOWEVER, THE LEGALITY OR ENFORCEABILITY OF SECTION 8.8 (PRICING) SHALL BE GOVERNED BY THE LAW OF THE STATE WHERE THE RESTAURANT IS LOCATED.

21.4 FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING GOVERNING LAW, JURISDICTION AND VENUE SET FORTH IN SECTIONS 21.1 AND 21.3 HEREOF PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF FRANCHISEE, THE CONTROLLING PRINCIPALS AND FRANCHISOR FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING GOVERNING LAW, JURISDICTION AND VENUE HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

21.5 BOTH PARTIES WAIVE, TO THE GREATEST EXTENT PERMITTED BY LAW, THE RIGHT TO SEEK OR BE AWARDED PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES, EXCEPT THAT FRANCHISOR MAY SEEK AND OBTAIN AN AWARD AGAINST FRANCHISEE OF TREBLED DAMAGES FOR TRADEMARK INFRINGEMENT SHOULD FRANCHISEE CONTINUE TO USE THE MARKS AFTER TERMINATION OF THE FRANCHISE AGREEMENT. ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE). IN THE EVENT OF A DISPUTE, FRANCHISEE AND THE CONTROLLING PRINCIPALS SHALL, EXCEPT AS OTHERWISE PROVIDED IN SECTION 21.6, BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. In no event shall Franchisee be entitled to make, nor shall Franchisee make, any claim, and Franchisee hereby waives any claim for, money damages, nor shall Franchisee claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by Franchisee that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any of the terms of this Franchise Agreement. Franchisee's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

21.6 In the event that any proceedings is filed by one party against the other party to enforce or defend any of the covenants or conditions hereto, the party in whose favor final judgment shall be entered shall be entitled to recover from the other reasonable attorneys' fees and related litigation expenses, to be set and ordered by the court in which the judgment is entered.

21.7 Any litigation or other dispute resolution proceedings between or among Franchisee or its Controlling Principals and Franchisor or any Franchisor Party will be conducted on an individual basis and not on a consolidated or class-wide basis.

I specifically acknowledge having reviewed and agreed to provisions in Section 21 of this Agreement.

________________________________ **(signature)**
Operating Principal of Franchisee

ARTICLE XXII MISCELLANEOUS

22.1 Notice.

22.1.1 Any and all notices, requests, demands and other communications required or permitted under this Franchise Agreement must be in writing and shall be deemed to have been duly given if hand-delivered, delivered by delivery service that provides evidence of delivery, sent by facsimile or electronic mail with delivery receipt or mailed by certified or registered mail, postage pre-paid to Franchisee at the notice contact information identified in Schedule A, and to Franchisor as follows:

If to Franchisor:
Eggspectation Restaurants, LLC
8600 LaSalle Road, Suite 615
Towson, Maryland 21286
Facsimile: (410) 339-7544
Attention: P.J. Haviland

With a copy to:
David L. Cahn, Esq.
Whiteford, Taylor & Preston, LLP
Seven Saint Paul Street
Baltimore, Maryland 21202-1626
Facsimile: (410) 234-2312

A notice shall be effective when delivered, if delivered personally or by delivery service, upon receipt of written verification of successful facsimile or electronic mail transmission, or three (3) business days after being mailed.

22.1.2 Notwithstanding Section 22.1.1 above, Franchisor may provide Franchisee with routine information, the Manuals and other System requirements and programs, such as the quality assurance program, by regular mail or by e-mail, the internet, an extranet, or other electronic means.

22.2 Entire Agreement. This Franchise Agreement (including all Schedules and Exhibits attached hereto) and the agreements and documents referred to herein and all agreements executed simultaneously herewith, contain the entire, full and complete agreement and understanding among the Franchisee, the Controlling Principals and Franchisor with respect to the subject matter hereof, including, without limitation, the Restaurant and the Franchised Business, and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written; however, nothing in this Franchise Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document provided to Franchisee by Franchisor in connection with this Franchise Agreement.

22.3 Amendment; Waiver. Except as otherwise expressly provided in this Franchise Agreement, no amendment, modification or waiver of this Franchise Agreement shall be binding unless executed in writing by both parties hereto, or in the case of a waiver, by the party granting such waiver. No waiver of any provision of this Franchise Agreement shall constitute a waiver of any other provision of this Franchise Agreement, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing. No failure of a party to exercise any power reserved to it by this Franchise Agreement, or to insist upon strict compliance by the other party with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of such party's right thereafter to demand exact compliance with any of the terms herein. Waiver by a party of any particular default by the other party shall not affect or impair such party's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of a party to exercise any power or right arising out of any breach or default by the other party of any of the terms, provisions, or covenants hereof, affect or impair such party's right to exercise the same.

22.4 Franchisor Consent. Whenever this Franchise Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent must be obtained in writing. 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 consent, waiver, approval, advice, or suggestion to Franchisee in connection with this Franchise Agreement, or by reason of any delay in acting on or its denial of any request therefore.

22.5 Force Majeure. If a Force Majeure event occurs, then, in addition to payments required under Section 17.3.5, Franchisee must continue to pay to Franchisor any and all amounts that it became obligated to pay prior to the occurrence of any Force Majeure event, and the Franchisor Parties shall continue to be indemnified and held harmless by Franchisee in accordance with Article XV hereof. Except as provided in the immediately preceding sentence and Section 17.3.5, and subject to full compliance with the requirements of this Section 22.5, no party hereto may be held liable for a failure to comply with any terms and conditions of this Franchise Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any Force Majeure event, the party affected thereby must give prompt written notice thereof to the other parties, together with a description of the event, the duration for which the party reasonably expects its ability to comply with the provisions of this Franchise Agreement to be affected thereby and a commercially reasonable plan for resuming operation under this Franchise Agreement, which the party must promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

22.6 Captions. All captions in this Franchise Agreement are intended solely for the convenience of the parties, and none shall be deemed to limit, modify or affect the meaning or construction of any provision hereof nor shall such captions otherwise be given any legal effect.

22.7 Survival. Any obligation of Franchisee or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Franchise Agreement, or after the Transfer of any interest of Franchisee or the Controlling Principals therein, shall be deemed to survive such termination or expiration of this Franchise Agreement, or Transfer of such Interest, as the case may be.

22.8 Severability. If any provision or part of any provision of this Franchise Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Franchise Agreement, and this Franchise Agreement shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof shall be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

22.9 Interpretation. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. All references to "including" shall be construed as meaning "including, but not limited to."

22.10 Remedies. All rights and remedies of the parties to this Franchise Agreement shall be cumulative and not alternative, and shall be in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity. The rights and remedies of the parties to this Franchise 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 or termination of this Agreement, or exercise of Franchisor's rights pursuant to Article XVII hereof, shall not discharge or release Franchisee or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or termination of this Agreement, or Franchisor's exercise of its rights pursuant to Article XVII of this Franchise Agreement.

22.11 Third Party Beneficiaries. Except as otherwise expressly provided in this Franchise Agreement, nothing in this Franchise Agreement is intended, nor shall be deemed, to confer upon any individual or entity other than Franchisee, Franchisor and the Franchisor Parties any rights or remedies under or as a result of this Franchise Agreement.

22.12 Counterparts. This Franchise Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement. This Franchise Agreement may be executed and delivered by digital transmission with the same force and effect as if it were executed and delivered by the parties in the presence of one another.

22.13. Business Judgment. Franchisee understands and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the franchise network, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (2) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (3) Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (4) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

ARTICLE XXIII ACKNOWLEDGMENTS

23.1 FRANCHISEE AND THE CONTROLLING PRINCIPALS ACKNOWLEDGE THAT THEY HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS VENTURE CONTEMPLATED BY THIS FRANCHISE AGREEMENT AND RECOGNIZE THAT THE SUCCESS OF THIS BUSINESS VENTURE INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL LARGELY DEPEND UPON THE ABILITY OF FRANCHISEE AND THE CONTROLLING PRINCIPALS. FRANCHISOR EXPRESSLY DISCLAIMS MAKING, AND FRANCHISEE AND THE CONTROLLING PRINCIPALS ACKNOWLEDGE THAT THEY HAVE NOT RECEIVED OR RELIED ON, ANY REPRESENTATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS FRANCHISE AGREEMENT. NO REPRESENTATIONS OR PROMISES OF ANY KIND HAVE BEEN MADE BY FRANCHISOR TO INDUCE FRANCHISEE TO SIGN THIS FRANCHISE AGREEMENT EXCEPT THOSE SPECIFICALLY STATED IN THIS FRANCHISE AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO FRANCHISEE. FRANCHISEE UNDERSTANDS THAT FRANCHISOR IS NOT A FIDUCIARY AND HAS NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

23.2 FRANCHISEE AND THE CONTROLLING PRINCIPALS ACKNOWLEDGE THAT THEY HAVE RECEIVED, READ AND UNDERSTAND THIS FRANCHISE AGREEMENT AND THE SCHEDULES AND EXHIBITS ATTACHED HERETO AND THAT FRANCHISOR HAS AFFORDED FRANCHISEE AND THE CONTROLLING PRINCIPALS SUFFICIENT TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS SELECTED BY THEM ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS FRANCHISE AGREEMENT.

23.3 FRANCHISEE ACKNOWLEDGES THAT IT HAS RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING" AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS FRANCHISE AGREEMENT WAS EXECUTED BY FRANCHISEE.

23.4 FRANCHISEE HAS COMPLETED THE "FRANCHISEE DISCLOSURE QUESTIONNAIRE" ATTACHED AS **EXHIBIT 5** HERETO AND ACKNOWLEDGES THAT FRANCHISOR HAS RELIED UPON FRANCHISEE'S TRUTHFUL AND COMPLETE ANSWERS TO SAID QUESTIONNAIRE IN DECIDING WHETHER TO EXECUTE THIS AGREEMENT.

ARTICLE XXIV DEFINITIONS

The following Capitalized Terms shall have the meanings indicated:

"Accounting Period" has the meaning set forth in Section 4.2.

"Advertising Fee" has the meaning set forth in Section 8.3.

"Affiliate" has the meaning set forth in Section 1.4.

"Aggregate Sales" has the meaning set forth in Section 4.7.

"Approved Location" has the meaning set forth in Section 1.1.

"Area of Primary Responsibility" has the meaning set forth in Section 8.2.

"Assigned Area" has the meaning set forth in Section 1.5.

"Confidential Information" has the meaning set forth in Section 10.1.

"Controlling Interest" has the meaning set forth in Section 14.9.

"Controlling Principals" means and includes, collectively and individually, all Franchisee's Principals who are designated by Franchisor from time to time as a Controlling Principal hereunder. The Controlling Principals as of the Effective Date are identified on Schedule A.

"Cooperative" has the meaning set forth in Section 8.4

"Covenants" has the meaning set forth in Section 6.2.12.

"Deceased", used as a noun for "the Deceased", has the meaning set forth in Section 14.5.

"Effective Date" means the date on which both Franchisor and Franchisee have signed this Agreement.

"EFT" has the meaning set forth in Section 4.2.

"Eggspectation Companies" has the meaning set forth in Section 1.4.

"Eggspectation Restaurant" has the meaning set forth in Section 1.1.

"Election Notice" has the meaning set forth in Section 14.3.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe beyond a party's control, which cannot be overcome by use of normal commercial measures.

"Franchisee's Principals" means and includes, collectively and individually, (i) Franchisee's spouse, if Franchisee is an individual, (ii) all directors, officers and key personnel of Franchisee (including the directors, officers and key personnel of any entity that directly or indirectly controls Franchisee) whom Franchisor designates as Franchisee's Principals, and (iii) all holders of an ownership interest in Franchisee and/or of any entity that directly or indirectly controls Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The Franchisee's Principals as of the Effective Date are identified on Schedule A.

"Franchisor Parties" has the meaning set forth in Section 3.2.8.

"Fund" has the meaning set forth in Section 8.3.

"General Manager" has the meaning set forth in Section 6.5 of this Franchise Agreement.

"Interest" has the meaning set forth in Section 14.2 of this Franchise Agreement.

"Late Fee" has the meaning set forth in Section 4.6.

"Local Advertising" has the meaning set forth in Section 8.2.

"Losses and Expenses" has the meaning set forth in Section 15.5 of this Franchise Agreement.

"Manuals" means Franchisor's Operating Manual containing the official operating standards, specifications and procedures prescribed by Franchisor from time to time for the operation of an Eggspectation Restaurant, and such other written materials as Franchisor shall develop for Franchisee's use in operating the Restaurant, all as may be revised, amended and/or supplemented from time to time.

"Marks" has the meaning set forth in the Recitals.

"Offer Notice" has the meaning set forth in Section 14.3.

"Opening Date" means the day on which Franchisee first serves meals to members of the general public, whether to consumers who previously reserved a table or to "walk-in" consumers. Private ribbon cutting or invitation-only "pre-opening events" do not constitute the opening of the Restaurant to the public.

"Operating Principal" has the meaning set forth in Section 6.4 of this Franchise Agreement.

"Option Period" has the meaning set forth in Section 14.3.

"Permanent Disability" has the meaning set forth in Section 14.6.

"Prohibited Item" has the meaning set forth in Section 7.11.

"Publicly-held Corporation" means 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.

"Restaurant" has the meaning set forth in Section 1.1.

"Restaurant Premises" has the meaning set forth in Section 3.1.

"Royalty Fee" has the meaning set forth in Section 4.2.

"Royalty Report" has the meaning set forth in Section 4.3.

"Seller" has the meaning set forth in Section 14.3.

"Seller's Interest" has the meaning set forth in Section 14.3.

"Statement Period" has the meaning set forth in Section 11.2.1.

"System" has the meaning set forth in the Recitals.

"Taxes" has the meaning set forth in Section 13.2.

"Third Party Offer" has the meaning set forth in Section 14.3.

"Transfer" has the meaning set forth in Section 14.2.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Franchise Agreement as of the Effective Date.

ATTEST/WITNESS:	**FRANCHISEE**
______________________ Name: Title:	By: ______________________ Name: Title: Date: ______________________
	FRANCHISOR EGGSPECTATION RESTAURANTS, LLC
______________________ Name: Title:	By: ______________________ Name: Title: Date: ______________________

ACKNOWLEDGED AND AGREED:

OPERATING PRINCIPAL:

______________________ Date: ______________________

Name:

SCHEDULE A

APPROVED LOCATION, AREA OF PRIMARY RESPONSIBILITY, OPENING DATE, STATEMENT OF OWNERSHIP INTERESTS, FRANCHISEE'S PRINCIPALS AND CONTROLLING PRINCIPALS

Franchisee's Contact Information

____
____
____
Attention: __________
Facsimile: __________
Email: _____________

Approved Location:

Assigned Area:

Area of Primary Responsibility:
(for marketing purposes)

Opening Date:

Operating Principal

Controlling Principals (and their spouses):

Franchisee's Principals (and their spouses):

Statement of Ownership Interest (by percentages or shares owned):

SCHEDULE B

THE MARKS

The "Marks" include, without limitation, the following. Franchisor reserves the right to modify or discontinue use of any or all of the Marks, and to designate additional Marks, throughout the term of the Agreement as it deems appropriate in its reasonable business judgment.

Mark	Registration Number	Registration Date
eggspectation	4850659	November 10, 2015
EGGSPECTATION	3585833	March 10, 2009
	3645692	June 30, 2009
GRAB THE DAY BY THE EGGS	4052972	November 8, 2011

TRADE DRESS

The Trade Dress for Eggspectation restaurants, which may be revised by Franchisor from time to time in its reasonable business judgment, consists of:

- Walls inside the restaurant are covered with vinyl wall covering imitating an off-white/taupe concrete looking texture, which gives warmth to the space.
- The floor is made out of poured concrete with an epoxy finish to give an industrial look.
- The entire restaurant is surrounded by different types of wood that fit and coordinate well together: reclaimed barn wood for feature walls, pine wood for the library, bar fascia & shelving, antique white painted wood for the low walls and walnut table tops for the furniture.
- Bathrooms have an industrial style since they are covered with black bevelled subway tiles and industrial stainless steel vanity with old style wall mounted faucets, but with more recent technologies such as electronically operated, and black and white wallpaper with different writing styles.
- Kitchen wall is made out of an organic textured glass mixed with raw black steel metal serving as the frames. The choice of material was to create a semi-open kitchen concept – bringing action and dynamism to the restaurant space, while giving the chefs some privacy.
- Bar countertop is made out of large quartz slab with grey veining that gives a nice clean marble look.
- The industrial look is characterized by the exposed concrete columns, exposed black piping ceiling, brick walls and bevelled subway tiles.
- Feature walls made out of recycled barn wood with nice variations of colors such as warm light and dark walnut, whites, greys, etc. – also giving a rustic look.
- Seating arrangements include banquette style dining, a large communal table that can accommodate up to 12-14 people, bar seating and the library where a brown leather banquette and loose chairs are integrated, which offers a more private type of dining.
- Tables are made out of industrial black metal base, some of them with custom metal tubing & bracing. The communal table top is made out a tree slab with resin coating.
- The chairs are a mix of different antique style chairs, made out of solid wood and all painted in white to give a more uniform look.
- The eclectic industrial lighting made out of metal grill with Edison bulbs, some of them are chandeliers composed of smoked glass balls, or decorative crystal chandeliers to ornate the washrooms.

EXHIBIT 1

LEASE PROVISIONS

1. Tenant may assign its interest in the Lease and all rights and obligations under the Lease at any time to Eggspectation Restaurants, LLC (the "Franchisor") without Landlord's consent. Tenant may not otherwise assign the Lease or renew or extend the Lease's term without first obtaining the written consent of Franchisor. Upon assignment of the Lease to Franchisor, Franchisor may thereafter assign the Lease and all rights and obligations under the Lease to another franchisee approved by Landlord, which approval shall not be unreasonably withheld or delayed. In the event of any such assignment by Franchisor, Franchisor shall have no further obligations under the Lease.

2. In the event of the expiration or termination for any reason whatsoever of the franchise agreement dated __________, 20__ between Tenant and Franchisor (the "Franchise Agreement") prior to the expiration or termination of the Lease, Tenant's rights under this Lease shall, at the option of Franchisor, be assigned to Franchisor, such option to be exercisable by Franchisor upon giving Landlord and Tenant notice in writing within fifteen (15) days following the expiration or termination of the Franchise Agreement. Tenant and Landlord acknowledge and agree that such notice from Franchisor shall, without further act or formality, operate as an effective assignment of Tenant's rights under this Lease to Franchisor and the assumption by Franchisor of the covenants and obligations required to be observed or performed by Tenant under the Lease.

3. During the term of the Franchise Agreement, the Leased Premises may be used only for the operation of the Restaurant, and Landlord hereby consents to Tenant's use of the Marks and signs, decor items, color schemes and related components of the System (as those terms are defined in the Franchise Agreement). Franchisor may enter the Leased Premises to make any modification necessary to protect the System and Marks or to cure any default under the Franchise Agreement or under the lease, without being guilty of trespass or any other crime or tort. Landlord will not be responsible for any expenses or damages resulting from Franchisor's conduct of such activities.

4. In the event of any default by Tenant under the Lease, Landlord must give written notice to Franchisor concurrently with the giving of such notice of default to Tenant and Franchisor shall have, after the expiration of the period during which Tenant may cure such default, an additional period of thirty (30) days to cure any such default, provided that if such default or a termination arises by reason of the bankruptcy or insolvency of Tenant or the appointment of a receiver or similar custodian over Tenant's assets, Franchisor may assume this Lease or sign a new lease with Landlord upon payment of any arrears of rent or other amounts payable to Landlord pursuant to this Lease to the date of the bankruptcy or of the aforesaid appointment and, in the event of any such assumption by Franchisor, Tenant shall cease to have any further rights under this Lease. Franchisor may thereafter assign or sublet the Leased Premises to another franchisee approved by Landlord, which approval shall not be unreasonably withheld or delayed. In the event of any such assignment by Franchisor, Franchisor shall have no further obligations under the Lease.

5. Landlord acknowledges that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason, to enter the Leased Premises and to make any alterations as described in the Franchise Agreement, and Landlord hereby agrees to permit entry by Franchisor for such purposes and Landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the Lease nor a subletting of the Leased Premises, nor shall Landlord or Tenant take any action against Franchisor in respect of or as a result of such entry.

6. Landlord and Tenant may not make any material modifications to the Lease without Franchisor's prior written consent, which consent shall not be unreasonably withheld or delayed.

EXHIBIT 2

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into this ____ day of ________, 20__ by and between ________________, a ________ __________ ("**Franchisee**"), and Eggspectation Restaurants, LLC, a Maryland limited liability company ("**Franchisor**").

RECITALS

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement dated _________, 20__ (the "**Franchise Agreement**"), whereby Franchisor granted to Franchisee the right and license to operate a restaurant (the "**Restaurant**") using Franchisor's Marks and the System (as those terms are defined in the Franchise Agreement).

WHEREAS, Franchisee and _______________ ("**Landlord**") are parties to that certain [Lease Agreement] dated ___________, 20__, a copy of which is attached hereto as Exhibit 1 and incorporated herein (the "**Lease**"), whereby Franchisee, as tenant or lessee thereunder, leases from Landlord those premises located at ___________________, which premises are more fully identified in the Lease (the "**Leased Premises**").

WHEREAS, in consideration of, and as a condition to, Franchisor granting to Franchisee the right and license to operate the Restaurant on and from the Leased Premises in accordance with the terms of the Franchise Agreement, and as security for Franchisee's obligations under the Franchise Agreement, Franchisee agreed to make a collateral assignment of Franchisee's interest in, to and under the Lease.

WHEREAS, Franchisee is willing to assign all of its rights, title and interest in, to and under the Lease (including all deposits paid by or for the benefit of Franchisee) to Franchisor, which collateral assignment may be exercised upon the occurrence of the termination or expiration of the Franchise Agreement for any reason or upon Franchisee's uncured default under the Lease.

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

1. **Collateral Assignment.** Franchisee hereby unconditionally and irrevocably assigns, transfers and conveys unto Franchisor any and all of its right, title and interest as tenant or lessee in, to and under the Lease in trust to secure to Franchisor the payment and performance of all of Franchisee's obligations under the Franchise Agreement, fully intending that Franchisor shall have all rights, powers, privileges and interests, and shall be entitled to all benefits, as the tenant or lessee under the Lease, to the same degree and extent as though the Lease had been made between the Landlord and Franchisor.

2. **Triggering Event.**

2.1 Franchisor hereby agrees that it will not enforce or exercise, or seek to enforce or exercise, any of the rights, powers and privileges of the tenant or lessee under the Lease except (i) upon the occurrence of termination or expiration of the Franchise Agreement for any reason, or (ii) upon Franchisee's uncured default under the Lease or this Assignment (each, a "**Triggering Event**").

2.2 Unless and until a Triggering Event has occurred and Franchisor has delivered written notice to Franchisee of Franchisor's intention to enforce its rights under this Assignment ("**Election Notice**"), as between Franchisee and Franchisor, Franchisee may continue to exercise all rights, powers and privileges, and to otherwise enjoy all other benefits, as tenant or lessee under the Lease.

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

2.4 Upon delivery of an Election Notice to Franchisee, and dispatch of a copy of said notice to the Landlord, it shall be conclusively presumed by the parties hereto and the Landlord that Franchisee is no longer entitled to the use or occupancy of the Leased Premises and that all of Franchisee's rights, title and interest in and to the Lease have in all respects terminated and are by the terms of this Assignment assigned to Franchisor and assumed by Franchisor. Immediately following delivery of such Election Notice, Franchisee shall vacate the Leased Premises. The Landlord shall have no obligation to inquire any further into the matter, and Franchisee hereby expressly authorizes and requests the Landlord to act in accordance with the terms of this Assignment. Franchisee and Franchisor hereby agree that under no circumstance will either party assert any claim or cause of action against the Landlord for Landlord's reliance on, or compliance with, the terms of this Assignment.

2.5 In the event of Franchisee's failure or refusal to vacate the Leased Premises immediately following a Triggering Event and delivery of an Election Notice, Franchisor is hereby specifically authorized to enter upon and remove Franchisee and Franchisee's personal property without liability, from the Leased Premises by self-help, summary proceedings or otherwise. Franchisee shall be responsible for the payment of reasonable attorneys' fees and court costs incurred by Franchisor in connection with the prosecution of any action against Franchisee under this Agreement. The parties specifically agree that the remedies granted herein to Franchisor are in addition to and not in substitution of any or all other remedies available at law or equity.

3. **Lease Obligations.** The parties hereby acknowledge and agree that this Assignment is executed only as collateral security for Franchisee's obligations under the Franchise Agreement, and the execution and delivery hereof shall not subject Franchisor to any liability under the Lease, or in any way affect or modify the liability of Franchisee under the Lease. Franchisee hereby agrees that (i) all obligations and liabilities of Franchisee under the Lease shall be and remain enforceable against Franchisee, (ii) Franchisor shall not be obligated to perform or discharge any obligation, duty or liability as tenant or lessee under the Lease by reason of this Assignment, and (iii) this Assignment and Franchisor's performance hereunder or under the Lease shall not release Franchisee from any liability or obligation under the Lease. If Franchisor exercises any rights, powers or privileges under the Lease pursuant to this Assignment, Franchisee shall continue to be fully liable and responsible for all undischarged obligations or liabilities of Franchisee under the Lease.

4. **Representations and Warranties of Franchisee.** Franchisee hereby represents and warrants to Franchisor that:

4.1 as of the date hereof, neither Franchisee nor (to the knowledge of Franchisee) Landlord is in default of any provision of the Lease; and

4.2 Franchisee has not executed any prior assignment of the Lease nor has it performed any acts or executed any other instrument which might prevent or limit Franchisor from exercising its rights under any of the provisions of the Lease or this Assignment.

5. **Covenants of Franchisee.** Franchisee hereby covenants and agrees as follows:

5.1 Franchisee must deliver prompt written notice to Franchisor of any default by Franchisee or Landlord under the Lease; and

5.2 Franchisee may not do, or suffer to be done, any of the following acts without obtaining the prior written consent of Franchisor: (i) cancel the Lease; (ii) surrender the Lease; (iii) assign the Lease or any interest therein; (iv) execute or grant any amendment or modification of the Lease, (v) assign any deposit paid by or for the benefit of Franchisee under the Lease; or (vi) fail to perform any obligation of Franchisee in accordance with the provisions of the Lease. Any of said acts, if done or suffered to be done without Franchisor's prior written consent, shall constitute a default hereunder.

6. **Notices.** Any notice or other communication required or permitted hereunder must be in writing and shall be given in accordance with the applicable provisions of the Franchise Agreement.

7. **Dispute Resolution.** Any and all disputes arising under or in connection with this Assignment shall be resolved in accordance with the arbitration and other dispute resolution provisions of the Franchise Agreement.

8. **Remedies.** All rights and remedies of Franchisor hereunder shall be cumulative and not alternative, and shall be in addition to and not exclusive of any other rights or remedies that may be available to Franchisor under this Assignment or the Franchise Agreement, at law or in equity.

9. **Indemnification.** Franchisee shall, at all times, indemnify and hold harmless Franchisor from and against any and all claims, liabilities, losses, damages, costs and expenses (including attorneys' fees and court costs) arising out of or relating to (i) the violation or breach by Franchisee of any representation, warranty, covenant, agreement or obligation under this Assignment or the Lease, (ii) the period prior to Franchisor taking possession of the Leased Premises pursuant hereto, or (iii) Franchisee's use and occupancy of the Leased Premises.

10. **Miscellaneous.**

10.1 Entire Agreement. This Assignment (together with the Franchise Agreement) constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions of the parties, whether oral or written.

10.2 Amendment; Waiver. No amendment, modification or waiver of this Assignment shall be binding unless executed in writing by both parties hereto, or in the case of a waiver, by the party granting such waiver. No waiver of any provision of this Assignment shall constitute a waiver of any other provision of this Assignment, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing. No failure of Franchisor to exercise any right under this Assignment, or to insist upon Franchisee's strict compliance with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right thereafter to demand exact compliance with any of the terms herein.

10.3 Severability. If any provision or part of any provision of this Assignment shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Assignment, and this Assignment shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof shall be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

10.4 Waiver of Jury Trial. THE PARTIES KNOWINGLY AND VOLUNTARILY WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE OR MATTER ARISING UNDER THIS ASSIGNMENT.

10.5 Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement. This Assignment may be executed and delivered via facsimile transmission with the same force and effect as if it were executed and delivered by the parties in the presence of one another.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed as of the date first above written.

ATTEST/WITNESS:	**FRANCHISEE**
____________________	By: ________________(SEAL)
Name:	Name:
Title:	Title:
	FRANCHISOR
	EGGSPECTATION RESTAURANTS, LLC
____________________	By: ________________(SEAL)
Name:	Name:
Title:	Title:

ACKNOWLEDGED:

LANDLORD

By: ____________________(SEAL)
Name:
Title:

ACKNOWLEDGEMENT

STATE OF _______________ §
§
COUNTY OF _____________ §

BEFORE ME, the undersigned, on this day personally appeared _____________, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he is the _________ of ______________ (the "**Franchisee**"), that he is fully authorized to execute the foregoing instrument on behalf of such entity, and that he executed the same as his free act and deed in the capacity and for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of ______, 20__.

____
Notary Public, State of _________________

My commission expires:

____

____
Notary's printed name

EXHIBIT 3

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This **CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE** (the "Agreement") is entered into this ____ day of ________, 20__ by and among ____________, a person who resides at ________________________________ ("Individual"); ______________, a _________ _________ with a principal place of business at ________________________________ ("Franchisee"); and Eggspectation Restaurants, LLC, a Maryland limited liability company with a principal place of business at 8600 La Salle Road, Suite 615Towson, Maryland 21286 ("Franchisor").

RECITALS

WHEREAS, Franchisor has acquired and owns a unique and distinctive concept and system ("System") relating to the establishment and operation of casual full service restaurants (each, an "Eggspectation Restaurant") serving all "breakfast" style food, specializing in gourmet style egg dishes for breakfast and brunch, as well as a full menu for lunch and dinner, and a full-service bar.

WHEREAS, the distinguishing characteristics of the System, include, without limitation, (i) distinctive exterior and interior design, decor, color scheme, and furnishings; (ii) proprietary products and ingredients; (iii) proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; (iv) quality and uniformity of products and services offered; (v) procedures for management and financial control; (vi) training and assistance; and (vii) 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 mark "Eggspectation" and such other trade names, service marks and trademarks as are now designated (and may hereafter be designated by Franchisor) for use in connection with the System (the "Marks").

WHEREAS, Franchisor deems all information relating to the System and/or concerning the methods of operation of an Eggspectation Restaurant under the System, including, without limitation, the contents of Franchisor's manual(s), all information, knowledge, know-how, techniques, methods and materials used in or related to the System, all operational, sales and marketing methods and techniques, and any and all other information that Franchisor provides to its franchisees and area developers in connection with its franchise agreements and area development agreements to be confidential and proprietary (the "Confidential Information").

WHEREAS, the Marks and Franchisor's Confidential Information provide economic advantages to Franchisor and the Confidential Information is not generally known to, and is not readily ascertainable by proper means by, Franchisor's competitors or the general public who could obtain economic value from knowledge and use of the Confidential Information.

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information.

WHEREAS, pursuant to the terms of that certain Franchise Agreement dated ________, 20__ by and between Franchisor and Franchisee (the "Franchise Agreement"), Franchisor has granted Franchisee the limited right to operate an Eggspectation restaurant (the "Restaurant") using the System, the Marks and the Confidential Information for the period identified in the Franchise Agreement.

WHEREAS, Franchisor and Franchisee acknowledge the importance and necessity of restricting access to and the use and dissemination of the Confidential Information in order to protect the business interests of Franchisor, Franchisee and other franchisees and area developers under the System.

WHEREAS, it is necessary for certain owners, managers and employees of Franchisee to be granted access to some or all of the Confidential Information in connection with the management and operation of the Restaurant.

WHEREAS, for purposes of protecting the Confidential Information and the System against unfair competition, Franchisee has agreed to obtain, and the Franchise Agreement requires Franchisee to obtain, from such owners, managers and employees of Franchisee who are granted access to some or all of the Confidential Information, written agreements prohibiting, among other things, the unauthorized use and/or disclosure of any Confidential Information.

WHEREAS, Individual is and desires to remain, or desires to become, related to, associated with or employed by Franchisee, and in connection with such association or employment, desires and requires access to the Confidential Information in order to effectively fulfill his/her/its obligations and duties to Franchisee.

WHEREAS, Individual acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Individual herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Recitals.** The Recitals are a substantive part of this Agreement and are hereby incorporated herein by reference.

2. **Confidentiality.** In consideration for disclosure of Confidential Information to Individual, and in order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information, including Franchisor's trade secrets (as that term is defined under the Maryland Uniform Trade Secrets Act, codified at Title 11, Subtitle 12 of the Maryland Code, Commercial Law Article), Individual hereby acknowledges and/or covenants and agrees as follows:

2.1 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.

2.2 Individual will receive any and all Confidential Information in confidence, and will use the same only in the course of his/her/its employment or association or relationship with Franchisee, and then only in connection with the development, management and/or operation of the Restaurant for so long as Franchisee is licensed by Franchisor to use the System.

2.3 Except as otherwise expressly provided under this Agreement, Individual will not, during the term of his/its employment or association with Franchisee, or at any time thereafter, communicate or divulge to, or use for the benefit of, any other person or entity other than Franchisee or its principals any Confidential Information.

2.4 Individual will communicate or disclose Confidential Information only to those employees or principals of Franchisee who must have access to such information in order to fulfill his/its duties and obligations to Franchisee in connection with the development, management and/or operation of the Restaurant under the System, and then, only to the limited extent necessary to permit such employee or principal to fulfill such duties and obligations.

2.5 Individual will not, at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise disclose or make the same available to any person, except as expressly provided and permitted under this Agreement.

2.6 Individual will surrender any and all materials (including all copies thereof) containing any Confidential Information to Franchisee or Franchisor, upon request, or upon termination of the Individual's employment or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Individual.

2.7 Individual will not at any time, directly or indirectly, do any act or omit to do any act that will, or is reasonably likely to, be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

Provided, however, that as required by the U.S. Defend Trade Secrets Act, 18 U.S.C § 1833(b)(1), Individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

3. **Non-Competition.** In consideration for (i) Individual's employment or association, or continued employment or association, with Franchisee, and (ii) disclosure of Confidential Information to Individual, and in order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information, including Franchisor's and Franchisee's trade secrets, Individual acknowledges and/or covenants and agrees as follows:

3.1 Individual will not, at any time during the term of its relationship, employment or association with Franchisee, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person or entity:

3.1.1 divert or attempt to divert any business, business opportunity, or customer of the Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System or other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the System or the Confidential Information.

3.1.2 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity located within the United States, its territories or commonwealths, or elsewhere worldwide where Franchisor conducts its business or otherwise has the right to grant licenses and franchises to use the System and the Marks, which business or activity is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu substantially similar on an aggregate basis to the Eggspectation menu (as modified from time to time).

3.2 Individual will not, for a period of twenty-four (24) months following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any Confidential Information, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person or entity:

3.2.1 divert or attempt to divert any business, business opportunity, or customer of the Restaurant (or any other Eggspectation Restaurant) to any competitor of the Restaurant or the System or other third party, or do or perform any other act that is injurious or prejudicial to, or reasonably likely to be injurious or prejudicial to, the goodwill associated with the System or the Confidential Information.

3.2.2 employ or seek to employ any person who is at the time, or was within the preceding ninety (90) days, employed by Franchisor or any of its affiliates, by Franchisee or any of its affiliates, or by any of the System's franchisees or area developers, or otherwise directly or indirectly induce or attempt to induce any person to leave that person's employment or other business relationship with Franchisor or its affiliates, the Franchisee or its affiliates or any of the System's franchisees or area developers, or to otherwise terminate, reduce or change his/her/its employment or other business relationship with Franchisor or any of its affiliates, the Franchisee or any of its affiliates, or any of the System's franchisees or area developers.

3.2.3 whether as a director, officer, shareholder, member, partner, manager, employee, consultant, contractor, agent, representative or otherwise, participate in, advise, assist or make loans to, any business or activity which (i) is of a character and concept similar to the Eggspectation Restaurants, including, without limitation, a business that offers and/or sells styles of food, recipes and/or a menu substantially similar on an aggregate basis to the Eggspectation menu (as modified from time to time), and (ii) is or is intended to be located at the physical location of or within a ten (10) mile radius of any Eggspectation Restaurant in existence or under construction as of the date hereof or as of the date of termination, as permitted by applicable law.

3.3 Sections 3.1.2 and 3.2.3 will not apply to ownership of less than a two percent (2%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

4. **Acknowledgment.** Individual acknowledges and agrees that each of the restrictive covenants contained in Section 2 and Section 3 of this Agreement is reasonable as to time, geographical area, and scope of activity and does not impose a greater restraint than is necessary to protect the goodwill of the System and the business interests of Franchisor and Franchisee. The parties agree that each of these covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant set forth in Section 2 or Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor and/or Franchisee is a party, the parties hereto 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 Section 2, or Section 3, as the case may be.

5. **Remedies.** Individual hereby acknowledges and agrees that if he/she/it breaches any of the covenants set forth in Section 2 or Section 3 of this Agreement, Franchisor and/or Franchisee may suffer immediate and irreparable harm for which monetary damages alone will not be a sufficient remedy. Accordingly, Individual hereby agree that, in addition to all other remedies Franchisor and/or Franchisee may have under this Agreement, at law or in equity, Franchisor and/or Franchisee will be entitled to seek injunctive relief, specific performance or any other form of equitable relief to remedy any such breach or threatened breach. Individual agrees to pay all expenses, court costs and reasonable attorneys' fees incurred by Franchisor and/or Franchisee in connection with the enforcement of any provision of Section 2 and/or Section 3, including obtaining injunctive relief or specific performance.

6. **Indemnification.** INDIVIDUAL WILL, AT ALL TIMES, INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW FRANCHISOR AND/OR FRANCHISEE FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES (INCLUDING, CONSEQUENTIAL, COMPENSATORY AND EXEMPLARY DAMAGES), FINES, CHARGES, COSTS, EXPENSES, LEGAL FEES, COURT COSTS, SETTLEMENT AMOUNTS AND JUDGMENTS ARISING OUT OF OR RESULTING FROM INDIVIDUAL'S BREACH OF ANY OF HIS/HER/ITS COVENANTS, AGREEMENTS OR OBLIGATIONS UNDER THIS AGREEMENT.

7. **Miscellaneous.**

7.1 Notices. Any and all notices, requests, demands and other communications required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given if hand-delivered, delivered by delivery service that provides evidence of delivery, or mailed by certified or registered mail, postage pre-paid, to the respective party at its address as listed on the first page, or to such other address as a party will designate in writing to the other parties. A notice will be effective when delivered, if delivered personally or by delivery service, or three (3) business days after being mailed.

7.2 Entire Agreement. This Agreement (together with the Franchise Agreement) constitutes the entire agreement among the parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions of the parties, whether oral or written.

7.3 Amendment; Waiver. No amendment, modification or waiver of this Agreement will be binding unless consented to in writing by all parties, or in the case of a waiver, by the party granting such waiver. No waiver of any provision of this Agreement will constitute a waiver of any other provision of this Agreement, whether or not similar, nor will such waiver constitute a continuing waiver unless otherwise expressly provided in writing. Any failure by Franchisor or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Individual will not operate or be construed as a waiver of or consent to that breach or any subsequent breach.

7.4 Severability. If any provision or part of any provision of this Agreement is for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions or the remaining part of any effective provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof will be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

7.5 Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the state where the Restaurant is located, without regard to principles of conflicts of laws.

7.6 Jurisdiction; Venue; Waiver of Jury Trial. Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for the District of Maryland or any Maryland State Court sitting in Baltimore County having jurisdiction over the subject matter of the dispute or matter. The parties hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding. THE PARTIES HERETO KNOWINGLY AND VOLUNTARILY WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE OR MATTER ARISING UNDER THIS AGREEMENT.

7.7 Assignment. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its affiliates, successors and assigns. The respective rights and obligations of Franchisee and Individual hereunder may not be assigned by Franchisee or Individual, without the prior written consent of Franchisor.

8. Role of Franchisor. Franchisor has permitted Franchisee to provide Individual with access to the Confidential Information so that Individual can perform his or her duties in the operation of the Restaurant. **Individual expressly acknowledges and agrees that Individual works solely for Franchisee; Franchisor is not Individual's direct or indirect employer, or "joint employer;" Individual has no business or employment relationship with Franchisor; and Franchisor is executing this Agreement solely to protect its proprietary interest in the Confidential Information.**

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

ATTEST/WITNESS:

____
Name:
Title:

____
Name:
Title:

____
Name:
Title:

INDIVIDUAL

____
Name:

FRANCHISEE

By: _________________________
Name:
Title:

FRANCHISOR

EGGSPECTATION RESTAURANTS, LLC

By: _________________________
Name:
Title:

<u>EXHIBIT 4</u>

GUARANTY

THIS GUARANTY (the "Guaranty") is executed by _______________, who resides at ____________________________________ (the "Guarantor"), in favor of EGGSPECTATION RESTAURANTS, LLC, a Maryland limited liability company ("Franchisor").

<u>RECITALS</u>

WHEREAS, Franchisor and _________________ ("Franchisee") are parties to that certain Franchise Agreement dated ________, 20__, which is incorporated herein (the "Franchise Agreement"), whereby Franchisor granted to Franchisee the right and license to operate an Eggspectation restaurant at ________________ (the "Restaurant"), under the Marks and the System (as those terms are defined in the Franchise Agreement).

WHEREAS, the Guarantor stands to benefit from Franchisee's operation of the Restaurant in accordance with the terms of the Franchise Agreement.

WHEREAS, as an inducement to Franchisor to enter into the Franchise Agreement, Guarantor, who is a Controlling Principal (as that term is defined in the Franchise Agreement), agreed to guarantee all of Franchisee's payment and performance obligations under the Franchise Agreement.

NOW, THEREFORE, in consideration of Franchisor entering into the Franchise Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Guarantor hereby provides the following guaranty to Franchisor, its successors and assigns.

1. **<u>Recitals</u>.** The foregoing recitals are hereby made part of this Guaranty.

2. **<u>Guaranty and Assumption of Obligations</u>.** Guarantor hereby unconditionally and irrevocably agrees to be personally bound by each and every provision in the Agreement as if Guarantor were substituted as the Franchisee therein, and to be personally liable for all breaches and defaults under the Agreement not timely satisfied by Franchisee. Guarantor's assumption of the obligations of the Franchisee includes, but is not limited to, restrictions on assignment of ownership interests in the Franchisee and compliance with the covenants not to compete, confidentiality and non-disclosure; however, as required by the U.S. Defend Trade Secrets Act, 18 U.S.C § 1833(b)(1), Guarantor shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Guarantor hereby acknowledges and/or agrees as follows:

2.1 The obligations of Guarantor hereunder shall be direct, immediate and primary, and this Guaranty is one of payment and performance (and not merely collection). The liability of Guarantor hereunder is absolute, unconditional and not subject to any recoupment, setoff, reduction or defense, without regard to the liability of any other person. Franchisor may pursue its rights against the Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor, and the Guarantor hereby specifically waives any obligation of Franchisor to proceed against Franchisee or any other individual or entity.

2.2 This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment of any of the Obligations is rescinded or must otherwise be restored or returned by Franchisor upon the insolvency, bankruptcy or reorganization of Franchisee or the Guarantor, all as though such payment had not been made.

2.3 If more than one individual or entity has executed this Guaranty as a Guarantor hereunder, the liability of each such guarantor shall be joint, several and primary.

2.4 Without affecting the obligations of Guarantor, Franchisor may, without notice to the Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or settle, adjust or compromise any claims that Franchisor may have against Franchisee.

2.5 No failure or delay on the part of Franchisor to insist upon the strict performance of any term, condition, covenant, or agreement of this Guaranty or of the Franchise Agreement, or to exercise any right, power, or remedy upon a breach hereof or thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Franchisor from exercising any such right, power or remedy at a later time or times. By accepting payment after the due date of any amount payable under this Guaranty or the terms of the Franchise Agreement, Franchisor shall not be deemed to waive the right either to require prompt payment when due of any amount payable hereunder or under the Franchise Agreement, or to declare an event of default for the failure to effect such prompt payment of any such amount.

2.6 All rights and remedies of Franchisor under this Guaranty shall be cumulative and concurrent and shall be in addition to and not exclusive of any other rights or remedies available to Franchisor under this Guaranty, the Franchise Agreement or otherwise existing at law or in equity.

2.7 No course of dealing between Franchisor and Guarantor shall be effective to amend, modify or change any provision of this Guaranty and Franchisor shall have the right at all times to enforce such provisions in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of Franchisor in refraining from so doing at any time or times.

2.8 No waiver under this Guaranty shall be deemed to be made by Franchisor unless in writing and signed, and any waiver shall apply only with respect to the specific instance involved.

2.9 The obligations of Guarantor under this Guaranty shall not be reduced, limited, terminated, discharged, impaired or otherwise affected by (i) any assignment of the Franchise Agreement unless Franchisee is released in connection therewith from its obligations under the Franchise Agreement pursuant to the terms thereof, (ii) the voluntary or involuntary liquidation, sale or other disposition of all or any portion of Franchisee's assets, or the receivership, insolvency, bankruptcy, reorganization or similar proceedings affecting Franchisee or its assets or the release or discharge of Franchisee from any of its obligations under the Franchise Agreement, or (iii) any change of circumstances, whether or not foreseeable, and whether or not any such change does or might vary the risk of the Guarantor hereunder.

2.10 The execution and delivery of this Guaranty by the Guarantor, as a Controlling Principal, are made and given in partial consideration of, and as a condition to, Franchisor entering into the Franchise Agreement, and that Franchisor would not have entered into the Franchise Agreement without the execution and delivery of this Guaranty.

3. **Death of Guarantor.** Upon receipt by Franchisor of notice of the death of the Guarantor, the Guarantor's estate will be bound by the terms of this Guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in such event, the obligations of all other guarantors shall continue in full force and effect.

4. **Waivers by Guarantor.** Guarantor waives: (a) acceptance and notice of acceptance by Franchisor of these undertakings; (b) notice of demand for payment for any indebtedness or nonperformance of any obligation guaranteed; (c) protest and notice of default to any party as to any indebtedness or nonperformance of any obligation guaranteed; (d) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) any other notices and legal or equitable defenses to which he or she may be entitled; and (f) any modification, waiver or changes to the Franchise Agreement to which this guaranty is attached, or to any related agreements.

5. **Remedies Upon Triggering Event.** Upon the occurrence of any event constituting an event of default under the Franchise Agreement by Franchisee, and following the expiration of any applicable cure period, Guarantor shall immediately perform each obligation of Franchisee and pay to Franchisor all amounts due and payable to Franchisor under the Franchise Agreement and all costs and expenses, including reasonable attorneys' fees and court costs, incurred by Franchisor, its affiliates or any of their respective successors or assigns in attempting to (a) remedy any defaults hereunder, (b) collect any amounts due hereunder, or (c) otherwise enforce and rights and obligations hereunder.

6. **Duration.** Subject to Section 7 hereof, this Guaranty shall be continuing, absolute and unconditional, and shall be binding upon Guarantor until the later of (i) termination of the Franchise Agreement; and (ii) payment in full of all amounts payable to Franchisor under the Franchise Agreement.

7. **Termination.** This Guaranty may be terminated only by a written unconditional release executed and delivered by Franchisor to Guarantor.

8. **Representations and Warranties.** Guarantor hereby represents and warrants to Franchisor that:

8.1 Guarantor has reviewed the Franchise Agreement.

8.2 This Guaranty constitutes the valid and legally binding obligation of Guarantor (joint and several with each other guarantor, if more than one), and is fully enforceable against Guarantor.

8.3 There are no actions or proceedings pending or, to Guarantor's knowledge, threatened before any court or administrative agency which would adversely affect the financial condition of Guarantor or the authority of Guarantor to enter into, or the validity or enforceability of, this Guaranty.

8.4 There is no provision of any agreement, contract, or law, binding on Guarantor or affecting any of his property, which would conflict with or in any way prevent the execution, delivery and performance of the terms of this Guaranty, or which would be breached or violated as a result of the execution, delivery or performance of this Guaranty.

8.5 The Guarantor has a direct and financial interest in the Franchisee, and the acceptance by the Guarantor of the obligations hereunder will result in direct financial benefits to Guarantor.

8.6 There is no matter or fact that Guarantor has not disclosed in writing to Franchisor that materially affects, or could be reasonably likely to materially affect, the property or financial condition of Guarantor or the ability of Guarantor to perform his obligations hereunder.

9. **Miscellaneous.**

9.1 Notices. Any and all notices, requests, demands and other communications required or permitted to be given to the Guarantor shall be in writing and shall be deemed to have been duly given if hand-delivered, delivered by delivery service that provides evidence of delivery, or mailed by certified or registered mail, postage pre-paid, to the Guarantor at the address as identified on the first page of this Agreement, or such other address as the Guarantor designates in writing to Franchisor. A notice shall be effective when delivered personally or by delivery service, or three (3) business days after being mailed.

9.2 Entire Agreement. This Guaranty (together with the Franchise Agreement) constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions of the parties, whether oral or written.

9.3 Amendment; Waiver. No amendment, modification or waiver of this Guaranty shall be binding unless consented to in writing by Franchisor. No waiver of any provision of this Guaranty shall constitute a waiver of any other provision of this Guaranty, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing.

9.4 Severability. If any provision or part of any provision of this Guaranty shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Guaranty, and this Guaranty shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability, and such invalid, illegal or unenforceable provision or part thereof shall be modified to the extent necessary to make such provisions, or part thereof, valid, legal and enforceable.

9.5 Applicable Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Maryland, without regard to principles of conflicts of laws.

9.6 Jurisdiction; Venue; Waiver of Jury Trial. Any suit involving any dispute or matter arising under this Guaranty may only be brought in the United States District Court for the District of Maryland or any Maryland State Court sitting in Baltimore County having jurisdiction over the subject matter of the dispute or matter. Guarantor hereby consents to the exercise of personal jurisdiction by any such court with respect to any such proceeding. GUARANTOR KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS TO A JURY TRIAL IN ANY PROCEEDING INVOLVING ANY DISPUTE OR MATTER ARISING UNDER THIS GUARANTY.

IN WITNESS WHEREOF Guarantor has executed this Guaranty as of the day and year first above written.

GUARANTOR:

______________________________(SEAL)
Name:

ACKNOWLEDGMENT

State of ________________________)
) ss
County of_______________________)

On this ____ day of ____________, 20____ before me personally came _________________, known to me to be the same person whose name is signed to the foregoing Guaranty, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

______________________________ (NOTARIAL SEAL)
Notary Public
My Commission expires:

EXHIBIT 5

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, **Eggspectation Restaurants, LLC** and you are preparing to enter into a Franchise Agreement for the operation of a **Eggspectation®** franchise. In this Franchisee Disclosure Questionnaire, **Eggspectation Restaurants, LLC** will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the **Eggspectation®** Franchise Agreement and each exhibit, addendum and schedule attached to it?

Yes ___ No ___

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes ___ No ___

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

____

____

____

____

3. Have you received and personally reviewed our Franchise Disclosure Document that we provided to you?

Yes ___ No ___

4. Do you understand all of the information contained in the Disclosure Document?

Yes ___ No ___

If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

____

____

____

____

____

5. Have you discussed the benefits and risks of operating a **Eggspectation®** Franchise with an attorney, accountant or other professional advisor?

Yes ___ No ___

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities; competition from other businesses; general market demand for breakfast-style restaurant meals; and other economic and business factors?

Yes ___ No ___

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a **Eggspectation®** franchise that we or our franchisees operate and that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a **Eggspectation®** franchise that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a **Eggspectation®** franchise?

Yes ___ No ___

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

11. If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

____

____

____

____

____

____

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes ___ No ___

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

____
Name of Franchisee/Applicant

Date: ______________, 20___

____
Signature

____
Name and Title of Person Signing

2261838

EXHIBIT D
ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO EGGSPECTATION RESTAURANTS, LLC ("COMPANY")

Depositor hereby authorizes and requests _________________________ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking ☐ savings account (select one) indicated below drawn by and payable to the order of Eggspectation Restaurants, LLC 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 and Depository have received written notifications from Depositor (or either of us) of the termination of the authority in such time and in such manner to afford Company and Depository a reasonable 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.

EXHIBIT E
CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is made and entered into this _____ day of , 20____, between Eggspectation Restaurants, LLC, a Maryland limited liability company ("Franchisor"), and _________________ ("Covenantor").

RECITALS

Franchisor has acquired or developed a unique system (the "System") for the establishment and operation of casual full service restaurants having distinctive interior and exterior design and trade dress with a full menu serving all day "breakfast" style food, specializing in gourmet style egg dishes for breakfast and brunch, as well as a full menu for lunch and dinner, under the service mark "Eggspectation" and additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin ("Restaurants").

Confidential, proprietary information and various trade secrets of Franchisor pertaining to the System and to the establishment and operation of the Restaurants (collectively, "Confidential Information") is included in Franchisor's operations manuals and other written materials (the "Manuals").

The Confidential Information provides economic advantages to Franchisor and its franchisees and developers under the System and is not generally known to, nor readily ascertainable by proper means by, Franchisor's competitors and other third parties who could obtain economic benefits from knowledge and/or use of the Confidential Information.

Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information, including, without limitation, controlling access to the Manuals.

Covenantor wishes to acquire, or owns an interest in an entity which wishes to acquire, the right to operate and/or develop one or more Restaurants and, accordingly, desires to conduct an investigation of the System in order to determine whether to enter into such transaction (the "Transaction") with Franchisor.

Franchisor desires to permit Covenantor to view the Manuals in connection with its investigation of the System for the limited purpose herein stated.

Franchisor and Covenantor agree on the importance of restricting access to and the use, disclosure and dissemination of, the Confidential Information.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Recitals. The Recitals above are a substantive part of this Agreement and are hereby incorporated herein by reference.

2. Confidentiality Agreement. Franchisor shall permit Covenantor to view the Manuals for the sole purpose of investigating the Transaction. In consideration of the opportunity to view the Manuals and obtain access to the Confidential Information, Covenantor hereby agrees that Covenantor shall receive and at all times maintain the Confidential Information in confidence and shall not use the Manuals

or the Confidential Information for any purpose except to carry out its investigation of the Transaction. In addition, Covenantor shall not at any time disclose or disseminate or permit the disclosure or dissemination of any of the Confidential Information to any third party, nor shall Covenantor make copies of any part of the Manuals or of the Confidential Information.

3. Ownership. Covenantor acknowledges that the Manuals and the Confidential Information are solely owned by Franchisor and that this Agreement shall not grant to Covenantor any rights in or to the Manuals or the Confidential Information except the limited right to view the Manuals and the Confidential Information to investigate the Transaction. Covenantor shall return the Manuals and all Confidential Information, including originals, copies and summaries thereof, to Franchisor immediately upon the earlier of (i) Franchisor's written request, (ii) termination of discussions between Franchisor and Covenantor in furtherance of the Transaction, and (iii) the decision of Covenantor and/or Franchisor not to pursue the Transaction.

4. Miscellaneous.

a. 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 available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

b. Covenantor agrees to pay all expenses (including court costs and attorneys' fees) incurred by Franchisor in enforcing this Agreement.

c. Any failure by Franchisor to object 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. Any waiver by Franchisor of any provision of the Agreement shall be effective only if in a writing

d. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO MARYLAND'S CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF/ITSELF TO THE JURISDICTION OF THE STATE COURTS OF MARYLAND HAVING JURISDICTION OVER THE SUBJECT MATTER OF THE DISPUTE AND THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND. 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/IT IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MARYLAND OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT, NOTWITHSTANDING ANYTHING HEREIN, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, SUCH ACTION MAY BE BROUGHT IN ANY COURT WHICH HAS JURISDICTION.**

e. 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.

f. 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.

g. All notices and demands required to be given in connection with this Agreement 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:

Eggspectation Restaurants, LLC
8600 LaSalle Road, Suite 615
Towson, Maryland 21286
Facsimile: (410) 339-7544
Attention: P.J. Haviland

With a copy to:

David L. Cahn, Esq.
Whiteford, Taylor & Preston, LLP
Seven Saint Paul Street, Suite 1500
Baltimore, Maryland 21202-1636
Facsimile: (410) 234-2312

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 addresses above 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 all national bank holidays.

h. The rights and remedies of Franchisor under this Agreement are (i) fully assignable and transferable, (ii) shall inure to the benefit of its affiliates, successors and assigns, and (iii) shall survive this Agreement and the return of the Manuals and Confidential Information to Franchisor. The obligations of Covenantor in connection with this Agreement (i) may not be assigned by Covenantor without the prior written consent of Franchisor, (ii) shall be binding on Covenantor's heirs, personal representatives, successors and assigns, and (iii) shall survive this Agreement and the return of the Manuals and Confidential Information to Franchisor.

IN WITNESS WHEREOF, the undersigned have entered this Agreement as witnessed by their signatures below.

ATTEST:	EGGSPECTATION Restaurants, LLC, a Maryland limited liability company
______________________________ WITNESS	By:______________________________ Name:____________________________ Title:_____________________________
WITNESS/ATTEST:	COVENANTOR
______________________________ WITNESS	______________________________ Name:____________________________

[FOR DEMONSTRATIVE PURPOSES ONLY]

EXHIBIT F
FORM OF GENERAL RELEASE

THIS GENERAL RELEASE AGREEMENT (this "Agreement") is made and entered into this ______ day of _________, 20___, among Eggspectation Restaurants, LLC, a Maryland limited liability company ("Franchisor"), ___________________ ("Releasor") and ____________("Controlling Principal(s)" and together with Releasor, "Releasing Parties").

RECITALS

WHEREAS, Franchisor and Releasing Parties entered into that certain Franchise Agreement dated ___________, 20__ ("Franchise Agreement") pursuant to which Franchisor granted to Releasor the right and license to operate an Eggspectation Restaurant (as defined in the Franchise Agreement) within the Assigned Area (as defined in the Franchise Agreement) under the Marks (as defined in the Franchise Agreement) and the System (as defined in the Franchise Agreement).

WHEREAS, [Releasor desires to renew its rights under the Franchise Agreement ("Renewal of the Franchise Agreement")] [Releasor/Controlling Principal(s) desire(s) to Transfer (as defined in the Franchise Agreement) any or all of its Interest (as defined in the Franchise Agreement) ("Transfer Transaction")] in accordance with the terms and conditions of the Franchise Agreement.

WHEREAS, [Releasor desires Renewal of the Franchise Agreement] [Releasor/Controlling Principal(s) desire(s) consent from Franchisor for the Transfer Transaction] pursuant to the terms and conditions of the Franchise Agreement.

WHEREAS, Franchisor requires the Releasing Parties, and the Releasing Parties desire, to execute a general release that releases Franchisor of any and all claims against Franchisor arising from or relating to any act or omission occurring before the effective date of the [Renewal of the Franchise Agreement pursuant to Section 3.2.8] [Transfer Transaction pursuant to Section 14.2.1(c)] of the Franchise Agreement.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Recitals.** The foregoing recitals are expressly made part of this Agreement.

2. **Capitalized Terms.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Franchise Agreement.

3. **Release from Obligations and Liability.** The Releasing Parties hereby irrevocably release and forever discharge Franchisor and Eggspectation Companies and their predecessors, affiliates, successors, representatives, assigns, agents, servants, employees, partners, managers, independent contractors, officers, shareholders, members and directors ("Franchisor Parties") from any and all claims, actions, liabilities, demands, obligations, damages, costs, losses, debts and expenses of any nature whatsoever, known or unknown, vested or contingent, that any of the Releasing Parties ever had, now has or hereinafter may have against the Franchisor Parties, in their corporate or individual capacities, in any way arising from or relating to any act, omission, transaction or event occurring before the effective date

of the [Renewal of the Franchise Agreement] [Transfer Transaction], including, without limitation, claims arising under the Franchise Agreement.

4. **Entire Agreement.** This Agreement represents the complete, integrated and entire agreement between the parties and may not be modified except in writing signed by the parties.

5. **Parties-in-Interest.** This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, trustees, beneficiaries, executors or administrators, personal or legal representatives and assigns.

6. **Governing Law.** This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of Maryland (without regard to its laws relating to choice-of-law or conflict-of-laws).

7. **Headings.** The headings in this Agreement are inserted for convenience and reference only and are not intended to be used in construing or interpreting any provisions of this Agreement.

8. **Counterparts.** This Agreement may be executed in counterparts which when taken together will constitute one instrument. Any copy of this Agreement with the original signatures of all parties appended will constitute an original.

IN WITNESS WHEREOF, each of the parties hereto has executed and delivered this General Release Agreement as of the date first above written.

RELEASING PARTIES:

RELEASOR

____
Name:________________________

CONTROLLING PRINCIPAL(S)

____
Name:________________________

____
Name:________________________

Acknowledged by:

FRANCHISOR:

EGGSPECTATION RESTAURANTS, LLC,
a Maryland limited liability company

____
Name:________________________
Title:________________________

EXHIBIT G
FRANCHISEE LIST

Our franchises operating as of December 31, 2017 are specified below.

LIST OF FRANCHISEES FOR EGGSPECTATION RESTAURANTS, LLC

FRANCHISEE-OWNED UNITS

NAME AND ADDRESS	TELEPHONE NUMBER
Solima People, LLC 402N Loop 1604W San Antonio, TX 78232 David Alvarez, President	(210) 545-3199
Mid-Atlantic Eateries -- Gainesville, LLC. 8058 Crescent Park Drive Gainesville, Virginia 20155 Jon Hinkle, President	(571) 248-0990
Mid-Atlantic Eateries -- Leesburg, LLC 1609 Village Market Blvd, SE Suite 105 Leesburg, Virginia 20175 Jon Hinkle, President	(703) 777-4127

Notes:

1. As of December 31, 2017 there were three Eggspectation restaurants operating under Eggspectation® license agreements instead of franchise agreements. The operator of these restaurants is identified below.

Mid-Atlantic Eateries, Inc.
Jon Hinkle, President

3 Locations - Ellicott City and Silver Spring, Maryland; and Chantilly, Virginia:
6010 University Blvd.
Ellicott City, MD 21043
Phone: (410) 750-3115

923 Ellsworth Dr.
Silver Spring, MD 20910
Phone: (301) 585-1700

5009 Westone Plaza Dr.
Chantilly, VA 20151
Phone: (703) 263-7444

EXHIBIT H
TABLE OF CONTENTS OF RESTAURANT OPERATORS MANUAL

(see the following pages)

eggspectation™
resto · café · bar

RESTAURANT MANAGER TRAINING

A GUIDE TO MANAGING RESTAURANT OPERATIONS AND ADMINISTRATION

COMPETENT LEGAL ADVICE SHOULD ALSO BE SOUGHT TO VERIFY THAT YOUR EMPLOYEE HANDBOOK IS IN COMPLIANCE WITH THE VARIOUS EMPLOYMENT LAWS AND STATUTES IN YOUR AREA.

CONTENTS

Additional suggested templates are made available to franchisees (for appropriate adaptations by franchisee) on matters such as :

Employee Policies & Procedures. *

Host/Hostess training manual *
Server training manual *
Bartender training manual *
Busser training manual *

Line Cook training manuals *
Prep cook training manual *

* We have provided you with these templates to assist you to develop your employment policies and procedures and your methods of training restaurant staff. We have developed these templates based on the practices of our franchisees' Eggspectation restaurants in the United States and Canada, as well as our own independent research. These templates may not provide you with adequate protection against legal claims by employees, customers or third parties arising from operations of your Restaurant, and we do not provide any warranties in that regard.

You should modify these templates as you deem appropriate to comply with applicable law and to facilitate efficient and effective restaurant operations. However, you must provide us with your modified versions of such templates for our use in updating our templates and in advising other franchisees.

EXHIBIT I
LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We may decide to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of the franchises in that state:

CALIFORNIA
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

HAWAII
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA
Securities Commissioner
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN
First Assistant Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA
Deputy Commissioner
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296-6328

NEW YORK
New York State Department of Law
Bureau of Investor Protection and
Securities
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

NORTH DAKOTA
Office of Securities Commissioner
600 East Boulevard, 5th Floor
Bismarck, ND 58505
(701) 328-2910

OREGON
Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

RHODE ISLAND
John O. Pastore
Department of Business Regulation
Division of Securities
Building 69-1
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 222-3048

SOUTH DAKOTA
South Dakota Department of
Revenue and Regulation
Division of Securities
445 E. Capitol
Pierre, SD 57501
(605) 773-4013

VIRGINIA
Senior Examiner
State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219-3630
(804) 371-9883

WASHINGTON
Securities Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

WISCONSIN
Program Assistant
Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
P.O. Box 1768
Madison, Wisconsin 53703
(608) 261-9555

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Our agent for service of process is ResAgent, Inc., 7 St. Paul Street, 19th Floor, Baltimore, Maryland 21202-1636.

We may decide to register this offering circular as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

CALIFORNIA
California Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

HAWAII
Commissioner of Securities of the
State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

INDIANA
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN
Michigan Department of
Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

MINNESOTA
Minnesota Commissioner of
Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

NEW YORK
Attn: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA
North Dakota Securities Commissioner
State Capitol
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505-0510

OREGON
Director of Oregon Department of
Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND
John O. Pastore
Department of Business Regulation
Division of Securities
Building 69-1
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 222-3048

SOUTH DAKOTA
Director of South Dakota Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON
Securities Administrator
Washington State Department of Financial Institutions
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

WISCONSIN
Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT J

ADDENDUM TO THE EGGSPECTATION RESTAURANTS, LLC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

ITEM 3 of the Disclosure Document is amended to add the following:

- Neither Franchisor nor any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons for membership in such association or exchange.

ITEM 12 of the Disclosure Document is amended to add the following:

- You may face competition inside your Protected Territory from our affiliates, from outlets that we own, or from other channels of distribution or competitive brands that we control.

ITEM 17 of the Disclosure Document, and the appropriate sections of the Franchise Agreement and Area Development Agreement, are amended to add the following:

- You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, non-renewal of a franchise, and restrictions on transferring a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

- The Franchise Agreement requires application of the laws of the State of Maryland. This provision might not be enforceable under California law.

- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

- The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec.101 et seq.).

- ITEM 17.r. of the FDD and Section 10.3 of the Franchise Agreement are revised to state as follows:

  For 2 years after termination or expiration, you may not use our Confidential Information or any customer-specific contact information or data to operate a restaurant which (i) in which more than twenty percent (20%) of the weekly gross revenue from ready to eat food items is derived from the sale of "breakfast" style food, and (ii) which is or is intended to be located either within the Area of Primary Responsibility assigned under the franchise agreement or at or within a ten (10) mile radius of the Approved Location.

- The Franchise Agreement requires binding arbitration. The arbitration will occur in the county and state where the franchisor maintains its principal place of business, which currently is Baltimore, Maryland. The franchisor and franchisee are each responsible for paying half of the arbitrator's fees in advance of arbitration hearings, and the arbitrator's decision in the case will require the party that loses to reimburse the wining party for its share of the arbitrator's fees and any filing fees paid.

The following URL address is for the franchisor's website: www.eggspectation.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST	EGGSPECTATION RESTAURANTS, LLC
______________________ Witness	By:______________________ Name:____________________ Title:_____________________
	FRANCHISEE:
______________________ Witness	______________________

EXHIBIT J

ADDENDUM TO THE EGGSPECTATION RESTAURANTS, LLC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for Eggspectation Restaurants, LLC for the State of Maryland for Eggspectation Restaurants, LLC's Franchise Disclosure Document, Franchise Agreement and Area Development Agreement.

1. The provision contained in the termination sections of the Franchise Agreement, the Area Development Agreement and Item 17 of the Disclosure Document providing for termination upon bankruptcy may not be enforceable under federal bankruptcy law.

2. Item 17 of the Disclosure Document, the Franchise Agreement and the Area Development Agreement are amended as follows: 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.

3. Item 17 of the Disclosure Document and the appropriate sections of the Franchise and Area Development Agreements are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years of the grant of the franchise.

4. Item 17 of the Disclosure Document, the Franchise Agreement and the Area Development Agreement are amended as follows: a franchisee may bring a case in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The Franchise Agreement and Area Development Agreement are amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise 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.

6. Item 5 of the Disclosure Document and each applicable section of the Franchise Agreement and Area Development Agreement are revised as follows: Franchisee is not required to pay any initial fees and payments to Franchisor or its affiliates until Franchisor completes its pre-opening obligations under the Franchise Agreement, and with regard to Area Development Agreements the Developer is not required to make any payments to Franchisor until the first franchised Restaurant under the Development Agreement opens for business.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST	EGGSPECTATION RESTAURANTS, LLC
________________________ Witness	By:______________________________ Name:____________________________ Title:_____________________________
	FRANCHISEE:
________________________ Witness	______________________________

EXHIBIT J

ADDENDUM TO THE EGGSPECTATION RESTAURANTS, LLC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF VIRGINIA

This will serve as the State Addendum for Eggspectation Restaurants, LLC for the State of Virginia for Eggspectation Restaurants, LLC's Franchise Disclosure Document, Franchise Agreement and Area Development Agreement.

Item 5 of the Disclosure Document, and the initial fee provisions in the Franchise Agreement and the Area Development Agreement, are amended as follows: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payments of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchisee Disclosure Document for Eggspectation Restaurants, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure: The following statements are added to Item 17.h.
>
> Under 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 or Area Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST	EGGSPECTATION RESTAURANTS, LLC
________________________	By:________________________
Witness	Name:________________________
	Title:________________________
	FRANCHISEE:
________________________	________________________
Witness	

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If **Eggspectation Restaurants, LLC** offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If you are a resident of New York, you must be provided with this Disclosure Document the earliest of the first meeting to discuss our franchise, 10 business days before signing a binding agreement or 10 business days before any payment to us. If you are a resident of Michigan you must be provided with this Disclosure Document at least 10 business days before signing a binding agreement.

If **Eggspectation Restaurants, LLC** does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit I.

See Exhibit I for our Resident Agents authorized to receive service of process.

I have received a Disclosure Document issued May 31, 2018 that included the following Exhibits:

A. FINANCIAL STATEMENTS
B. AREA DEVELOPMENT AGREEMENT
C. FRANCHISE AGREEMENT
D. ELECTRONIC TRANSFER AUTHORIZATION
E. CONFIDENTIALITY AGREEMENT
F. FORM OF GENERAL RELEASE
G. FRANCHISEE LIST
H. TABLE OF CONTENTS OF OPERATIONS MANUAL
I. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
J. STATE SPECIFIC ADDENDA

Enzo Renda acts as our franchise seller. His address is 8600 La Salle Road, Suite 615, Towson, Maryland 21286 and his telephone number is (855) 331-EGGS.

Date of Receipt: __________ Prospective Franchisee

__________________________, individually

or as an officer or member of ______________________________

a [______________________ corporation]

a [______________________ limited liability company]

KEEP THIS COPY FOR YOUR RECORDS.

2290031

RECEIPT

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If you are a resident of New York, you must be provided with this Disclosure Document the earliest of the first meeting to discuss our franchise, 10 business days before signing a binding agreement or 10 business days before any payment to us. If you are a resident of Michigan you must be provided with this Disclosure Document at least 10 business days before signing a binding agreement.

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Enzo Renda acts as our franchise seller. His address is 8600 La Salle Road, Suite 615, Towson, Maryland 21286 and his telephone number is (855) 331-EGGS.

Date of Receipt: __________ Prospective Franchisee

_________________________, individually

or as an officer or member of ____________________________

a [____________________ corporation]

a [____________________ limited liability company]

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE AND RETURN IT TO EGGSPECTATION RESTAURANTS, LLC, 8600 LA SALLE ROAD, SUITE 615, TOWSON, MARYLAND 21286 OR BY SCANNING AND EMAILING TO ERENDA@EGGSPECTATION.CA.