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FRANCHISE DISCLOSURE DOCUMENT

MONICAL PIZZA CORPORATION

530 N. Kinzie
Bradley, Illinois 60915
(815) 937-1890
www.monicalspizza.com

You will operate a dine-in restaurant featuring pizza and an extensive menu offering salads, sandwiches and pasta. We offer 2 franchises, a single Monical's restaurant and multiple Monical's restaurants.

A single Monical's restaurant. The total investment necessary to begin operation of a single Monical's restaurant is $487,550 to $1,133,400. This includes $25,000 to $45,000 that must be paid to the franchisor or affiliate.

Multiple Monical's restaurants within a defined geographic area. You will receive a defined geographic territory, and you will operate single-unit franchised restaurants in the territory granted to you. The total investment necessary to begin operation of multiple Monical's restaurants is $552,550 to $1,178,400. The initial franchise fee for Monical's restaurants opened by a multi-unit developer is $30,000. The development fee is equal to $15,000 for each Monical's restaurant you agree to develop. For example, assuming you agree to develop 5 Monical's restaurants, your initial investment will include a franchise fee of $30,000 for the initial Monical's restaurant plus a development fee of $60,000 for the remaining 4 Monical's restaurants to be developed in the future.

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.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Carol Roosevelt, 530 N. Kinzie, Bradley, Illinois 60915, (815) 937-1890, carolr@monicals.com.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You 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.

Date of Issuance: April 30, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

To simplify the language in this Disclosure Document, the words "we," "our," "us," "Monical's" and "Monical's Pizza" refer to Monical Pizza Corporation, the franchisor of this business. "You" and "your" refer to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted.

The Franchisor

We were incorporated in Illinois on April 27, 1982 to offer Monical's Pizza franchises. Our principal business address is 530 N. Kinzie, Bradley, Illinois 60915. We do business under our corporate name and the name Monical's Pizza. As of the date of this Disclosure Document, we operate 31 Monical's restaurants in the State of Illinois and we provide support to 17 franchises in Illinois. Missouri and Wisconsin. We have operated Monical's restaurants and offered franchises in this line of business since 1982. We have not previously offered franchises in any other line of business.

Our Business Activities

We franchise the right to operate a dine-in restaurant featuring pizza and an extensive menu offering salads, sandwiches and pasta. We consider the general market to be developed. The franchise or franchised restaurant does business under the trade name, Monical's Pizza®, and also uses our other related service marks, trademarks or logos (our "Marks"). The franchised restaurant typically requires between approximately 3,000 to 4,000 square feet of space and is typically located in an in-line strip mall or freestanding building. The franchise operates using our standards, methods, procedures and specifications, called our "System." In addition to granting franchises for individual Monical's restaurants, we also allow certain franchisees who fit our criteria to become area developers or developers. Developers open and operate a predetermined number of Monical's restaurants in a specified area called a development territory. Some of the criteria that must be met to become a developer with the right to establish multiple franchised restaurants include business management experience and sufficient capital. Developers sign an Area Development Agreement specifying their rights to establish multiple units within a set time frame and developers also sign a Franchise Agreement for each location before its development. For each future unit franchise, Developers may be required to sign a form of franchise agreement that is different from the form of franchise agreement included in this Franchise Disclosure Document.

Our Parents, Predecessors and Affiliates

We do not have any parent companies. Our predecessors operated pizza restaurant businesses since 1959 and offered franchises of Monical's restaurants since 1965. As of the date of this Disclosure Document, no predecessors exist having either dissolved or merged with us. We do not have any affiliates offering franchises in any line of business or providing products or services to our franchisees.

General Description of the Market and Competition

Our concept is targeted to the general public. As a franchisee, you will compete with a variety of other restaurants providing pizza and other related menu items. Your competition may be local, independently owned restaurants, or may be part of a regional or national chain or franchise. You may also compete with other Monical's restaurants operated by us or other franchisees.

Regulations Specific to the Industry

Most states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your restaurant, including those that: (a) require a permit, certificate or other license; (b) establish general standards, specifications and requirements for the construction, design and maintenance of the restaurant premises; (c) regulate matters affecting the health, safety and welfare of your customers, including general health and sanitation requirements for the storage, handling, cooking and preparation of food, restrictions on smoking, availability of and requirements for public accommodations, including restrooms; (d) set standards pertaining to employee health and safety; (e) regulate matters affecting requirements for accommodations for disabled persons; (f) set standards and requirements for fire safety and general emergency preparedness; and (g) regulate the proper use, storage and disposal of waste. You must investigate and comply with all applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

Agents for Service of Process

Our agents are for service of process are listed on Exhibit B to this Disclosure Document.

ITEM 2. BUSINESS EXPERIENCE

Chairman of the Board and Director: Harry D. Bond

From May 2008 to present, Mr. Bond has been Chairman of the Monical Pizza Corporation Board. From August 1993 to April 2008, Mr. Bond has been President and Treasurer of Monical's. From April 1982 to the present, Mr. Bond has been a member of our Board of Directors. From November 1985 to the present, Mr. Bond has been Chief Financial Officer.

President, Treasurer, Profitability Team Leader and Director: Janelle L. Reents

From March 2013 to the present, Ms. Reents has been a member of our Board of Directors. From May 2008 to the present, Ms. Reents has been President, Treasurer and Profitability Team Leader. From April 2007 to the April 2008, Ms. Reents was our Co-President. From September 2005 to April 2007, Ms. Reents was our Director of Franchise Administration and Marketing. From August 2001 to September 2005, Ms. Reents was our Guest Satisfaction Team Leader.

Secretary and Director: James H. Nogle

From August 1993 to the present, Mr. Nogle has been our Secretary. From June 1989 to the present, Mr. Nogle has been a member of our Board of Directors. From March 1987 to August 1993, Mr. Nogle was our Assistant Secretary. From 1974 to the present, Mr. Nogle has been in the real estate management business in Champaign, Illinois. Mr. Nogle also owns one or more of the restaurant buildings, together with the real estate on which they are located, which are leased to Monical's for the operation of the Monical Restaurants.

Vice President, Chief Operating Officer, Assistant Secretary, Employee Satisfaction Team Leader and Director: Donna Jakob

From April 2022 to the present, Ms. Jakob has been our Vice President. From November 2019 to the present, Ms. Jakob has been a member of our Board of Directors. From April 2007 to the present, Ms. Jakob has been our Chief Operating Officer. From September 2005 to April 2008 and from April 2012 to the present, Ms. Jakob has been our Employee Satisfaction Team Leader. From May 2004 to September 2005, Ms. Jakob was our Chief Development 4Officer.

General Counsel: Francis J. "Jerry" Jahn

From January 1, 2010 to the present, Mr. Jahn has been a member of our Board of Directors. In addition, since October 1970, Mr. Jahn has been an Attorney with Meyer Capel, A Professional Corporation, a law firm in Champaign, Illinois and from 1998 through 2010 Mr. Jahn was the President of that law firm. Mr. Jahn has served as general counsel to Monical's since 1986.

Director: Randy Martin

From 1982 to the present, Mr. Martin has been a member of our Board of Directors. From 1979 to the present, Mr. Martin has been one of our franchisees operating a franchise in Clinton, Illinois. Mr. Martin also owns and operates Dairy Queen and Jimmy John's franchises in Clinton, Illinois; and also owns Five Guy restaurants in Florida.

Director: Charles R. Eyman

From January 1, 2010 to the present, Mr. Eyman has been a member of our Board of Directors. From August 1966 to March 2009, Mr. Eyman was Executive Vice President of Busey Bank in Champaign, Illinois. Since October 2010, Mr. Eyman has been a Senior Relationship Manager of Hickory Point Bank in Champaign, Illinois.

Director: Charles J. (Jud) Nogle

From March 2013 to present, Mr. Charles J. (Jud) Nogle has been a member of our Board of Directors. Mr. Nogle is also the President of Nogle and Black Aviation, an aircraft sales business in Tuscola, Illinois.

Director: Annette L. Bond-Hrach:

From November 2019 Ms. Bond-Hrach has been a member of our Board of Directors. She has previously been employed by Monical's in the Training and Education Departments. For several years Ms. Bond-Hrach worked in the Educational and Distance Learning programs for Pratt & Whitney, a unit of United Technologies. For the past six years, she has been a full-time homemaker.

Franchise Business Unit Leader: Carol L. Roosevelt

From September 2005 to the present, Ms. Roosevelt has been our Franchise Business Unit Leader. From August 2001 to September 2005, Ms. Roosevelt was our Employee Satisfaction Team Leader.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Franchise Agreement

You must pay a $45,000 lump sum franchise fee when you sign the Franchise Agreement. You pay a $30,000 lump sum franchise fee when you sign the Franchise Agreement for a second and subsequent franchise. If you are a Monical's Pizza employee, you pay a lump sum franchise fee of $45,000, less $1,000 for every year of your employment with Monical's Pizza, with a minimum franchise fee of $25,000. Otherwise, the franchise fee is uniform for all franchisees.

We will refund 50% of the franchise fee you paid if we terminate the franchise for your failure to perform your pre-opening obligations under the Franchise Agreement. We do not give refunds under other circumstances.

We previously offered a standard royalty of 2% to one franchisee who renewed the Franchise agreement. We are no longer offering discounted royalties.

Development Agreement

You must pay a development fee if and when you sign a Development Agreement. The development fee is paid to us in a lump sum and is nonrefundable. The development fee is equal to $15,000 for each Monical's restaurant you agree to develop in addition to the franchise fee. The number of Monical's restaurants you will open will be determined before you sign the Development Agreement.

For example, assuming you agree to develop 5 Monical's restaurants, your initial investment will include a franchise fee of $30,000 for the first Monical's restaurant and a development fee of $60,000 for the remaining 4 Monical's restaurants to be developed in the future.

Each time you sign a Franchise Agreement for one of the additional Monical's restaurants, you must pay us $15,000 which is the balance of the discounted franchise fee for that franchise.

The development fee is calculated uniformly for all developers, but the amount of the actual fee will vary based on the number of Monical's restaurants you agree to develop.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	4% of gross sales	10th day of each month	You must pay your royalty fee directly to us. See definition of gross sales.[1]
Marketing Fund Contribution	Currently, there is no marketing fund.	10th day of each month	If a marketing fund is established, you will pay your marketing fund contribution to us. We will give you 30 days' notice before we establish a marketing fund or increase required contributions.
Cooperative Advertising	Any or all of the marketing fund contribution plus any or all of required local advertising may be designated for cooperative advertising	As directed	We may establish and administer a cooperative advertising program within your regional marketing area. This fee is payable to us or to an advertising cooperative. There are currently no advertising cooperatives.
Audit Expenses[2]	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit shows you have not spent at least 2% of your monthly gross sales on local advertising or if you underreported amounts you owe us by 3% or more.
Late Fees[3]	1.5% per month or the highest rate allowed by the law of the state where you are located, whichever is less	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit.
Approval of Products or Suppliers[4]	All reasonable costs of evaluation	Time of evaluation	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	Actual cost of legal fees and expenses and our salaries required for training new Franchisee	At the time of transfer	Payable to us at the time of transfer. Does not apply to an assignment under Section 18.3 of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
	up to a maximum total of $10,000		
Relocation Assistance	Costs of providing relocation assistance	Time of assistance	If you need our assistance to relocate, you must reimburse our costs to assist you.
Customer Service[5]	All costs incurred in assisting your customers	Upon demand	You must reimburse us if we determine it is necessary for us to provide service directly to your customers.
System Modifications	Not more than $50,000 during the initial term of the franchise and not more than $50,000 in any one renewal term	As required	If we make changes to our System, you must adapt your business to conform to the changes. Some examples of changes include new equipment, fixtures, software or new Marks.
Substitute or New Manager Training/ Additional Training[6]	Currently, $500 per day plus your expenses in attending	Time of training	We provide an initial training program before you begin operations and ongoing training programs during the term of the franchise. If you have to repeat our training programs, we may charge you a fee.
Temporary Management Assistance	Currently, $500 per day, plus our expenses	Each month that it applies	If you breach the Franchise Agreement or following the death of incapacity of an owner of the franchise, we may temporarily manage your franchised restaurant.
Additional Operations Assistance	Currently, $500 per day plus our expenses	Time of assistance	We provide assistance around the beginning of operations and during the term of the franchise. If you request additional assistance beyond what we provide, you may be charged a fee, plus our expenses if we need to travel to accommodate your request.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail.
Indemnification	All costs including reasonable attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the franchised restaurant. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks.

We may require that all fees payable to us be paid through an electronic depository transfer account.

All of the fees noted above are uniform. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. All fees are nonrefundable.

NOTES

[1] "Gross sales" means all revenue from the franchised restaurant. Gross sales do not include sales tax or use tax.

[2] We assume costs vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

[3] Late fees begin within 5 days from the date payment was due, but not received, or date of underpayment.

[4] Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. You pay our actual costs only.

[5] Costs vary depending on factors, including nature of the complaint, expertise needed and the time involved. You pay our actual costs only.

[6] We provide training programs to an individual you select to be the designated manager of the franchise. Your designated manager's attendance is required. We do not charge fees for these programs, but if you replace your designated manager and your manager changes are excessive or due to poor hiring practices, we may charge you a fee.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee[1]	25,000 45,000	Cashier's Check	At Signing of Franchise Agreement	Us
Real Estate/Rent[2]	2,000 14,400	As Arranged	Before Beginning Operations	Lessor
Utility Deposits[3]	500 4,000	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements[4]	25,000 400,000	As Arranged	Before Beginning Operations	Suppliers
Furniture, Fixtures & Equipment[5]	275,000 365,000	As Arranged	Before Beginning Operations	Suppliers
Initial Inventory[6]	20,000 25,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Office Equipment & Supplies[7]	5,000 6,000	As Arranged	Before Beginning Operations	Suppliers
Insurance[8]	7,000 15,000	As Arranged	Before Beginning Operations	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Signage[9]	15,000 30,000	As Arranged	Before Beginning Operations	Suppliers
Training[10]	5,000 10,000	As Arranged	Before Beginning Operations	Suppliers
Grand Opening[11]	5,000 10,000	As Arranged	First 3 Months of Operation	Suppliers
Dues & Subscriptions[12]	50 2000	As Arranged	Before Beginning Operations	Suppliers
Licenses & Permits[13]	1,000 3,000	As Arranged	Before Beginning Operations	Licensing Authorities
Legal & Accounting[14]	2,000 4,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds[15] (3 months)	100,000 200,000	As Arranged	As Necessary	Employees, Utilities, Lessor, Suppliers
TOTAL	$ 487,550 $ 1,133,400			

NOTES

[1] Franchise Fee. The franchise fee and its refund policy are described in greater detail in ITEM 5. We do not finance any fee or any part of the initial investment.

[2] Real Estate/Rent. You must lease or otherwise provide a suitable facility for the operation of the franchised restaurant. Typically, the facility will range in size from approximately 3,000 to 4,000 square feet. It is difficult to estimate lease acquisition costs or acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs. The low estimate is based on an assumption that you will have to pay a security deposit equal to one month's rent to lease the facility and is based on leasing a facility of 3,000 square feet. The high estimate is based on the assumption that you will have to pay a security deposit equal to 2 month's rent to lease the facility and is based on leasing a facility of 4,000 square feet at a higher cost per square foot. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. The estimated range of costs in this category only includes your costs to enter into a lease for the facility. Estimated rental costs for 3 months are included with the category "Additional Funds" (See Note 15 below).

[3] Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits in connection with services such as electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending upon the policies of the local utilities. You should contact your local utilities for more information.

[4] Leasehold Improvements. To adapt a newly acquired facility for the operation of the franchised restaurant, it must be renovated. The cost of the leasehold improvements will vary depending on factors including the size and location of the facility, local wage rates and the cost of materials. The low estimate assumes that your landlord will provide the build-out. The amounts you pay for leasehold improvements are

typically non-refundable. You should inquire about the refund policy of the contractor at or before the time of hiring.

[5] Furniture, Fixtures & Equipment. You must purchase and/or lease and install furniture, fixtures, equipment and décor necessary to operate your franchised restaurant. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing. This amount also includes an estimated $15,000 - $30,000 for computer components.

[6] Initial Inventory. You will be required to purchase an initial supply of various food items, including meats, cheeses, vegetables, beverages, etc. These costs will vary based upon the size and location of the franchised restaurant, suppliers and other related factors. We do not know if the amounts you pay for inventory items are refundable. Factors determining whether inventory items are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

[7] Office Equipment and Supplies. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

[8] Insurance. You must purchase the following types and amounts of insurance:

Within ninety (90) days of the Effective Date, but in no event later than the commencement of operations, Franchisee shall procure and thereafter maintain in full force and effect during the term of this Agreement, the insurance listed below. The liability policy including any applicable umbrella/excess policies shall expressly name Franchisor as an additional insured. In addition to any other insurance that may be required by applicable law, or by any lender or lessor, Franchisee shall procure:

- "Special Form" (all risk) property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies, and leasehold improvements and betterments and other property used in the operation of the Franchised Restaurant at full replacement cost;

- Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Restaurant is located and employer liability coverage with a minimum limit of ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit as required by applicable state law;

- Commercial general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Restaurant, including premises and operations, contractual liability, products completed operations and personal and advertising injury, with minimum limits of liability for each type of insurance of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS

($2,000,000.00) general aggregate or higher if required by any landlord or lease agreement or by state law

- Liquor liability/dram shop policy with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS ($2,000,000.00) in the aggregate or, if higher, the statutory minimum limit required by applicable state law;

- Automobile liability insurance including liability coverage for autos owned, hired or borrowed, if applicable, by Franchisee, and liability coverage for autos owned by others ("non-owned auto" coverage) with limits of not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence for bodily injury and property damage combined;

- Umbrella excess liability insurance with a minimum liability coverage of TWO MILLION DOLLARS ($2,000,000.00) (umbrella excess liability must provide coverage in excess of commercial general liability, liquor liability, automobile liability and employers liability limits);

- Business interruption insurance in amounts and with terms acceptable to Franchisor;

- Cyber insurance policy with a minimum liability coverage of $1,000,000:

- Restaurant Recovery Insurance (or equivalent) due to Food Borne Illness with a minimum liability coverage of $1,000,000: and

- Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

Franchisee shall require each of its employees, who at any time, in connection with off-site delivery services, operates a vehicle which is owned by a person other than Franchisee, to maintain insurance insuring the employee's liability as driver of the vehicle in an amount no less than the minimum amount required by law, and Franchisee shall require and maintain at the Franchised Restaurant evidence of such insurance which evidence Franchisee shall provide to Franchisor upon request. Franchisee expressly waives and releases Franchisor and its affiliates and successors, and the respective officers, directors, shareholders, employees and agents of Franchisor and such successors and affiliates, from any obligation or responsibility with respect to any claim asserted, or which may be asserted, by a third party or parties, arising out of or relating to Franchisee's conduct of off–site delivery services.

Factors that may affect your cost of insurance include the size and location of the franchised restaurant, value of the leasehold improvements, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

[9] Signage. This range includes the cost of all signage used in the franchised restaurant, including vehicle signage wrap according to our specifications. The signage requirements and costs will vary based upon the size and location of the franchised restaurant, local zoning requirements, landlord requirements and local wage rates for installation, among other things. The amounts you pay for signage are typically non-refundable. You should inquire about the return and refund policy of suppliers at or before the time of purchase.

[10] Training. The cost of initial training is included in the franchise fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending

on the number of people attending, how far you travel and the type of accommodations you choose. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the cancellation and refund policy in the event you need to cancel any reservation.

[11] Grand Opening. We will determine a minimum amount that you must spend on grand opening advertising during the first 3 months of operation. The minimum will not be less than $5,000. We determine the minimum based on our assessment of your advertising costs in your area and the time of year that you are opening. You may choose to spend more than the minimum amount we specify. If you choose to spend more, the factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the franchised restaurant, time of year and customer demographics in the surrounding area. The amounts you spend for grand opening advertising are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

[12] Dues & Subscriptions. You may choose to purchase subscriptions to related trade organizations. These expenses are typically non-refundable. You should inquire about the cancellation and refund policy of the organizations at or before the time of purchase.

[13] Licenses & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses, construction permits, etc. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the refund policy of the agencies at or before the time of hiring.

[14] Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your franchised restaurant. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

[15] Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including rent, utilities and employee's salaries, for the first 3 months that the franchised restaurant is open. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable. The estimate of additional funds comes from our experience in operating our own restaurants and the experience of our existing franchisees, related to average market size for our franchisees.

Development Agreement

The following chart provides an estimate of your initial investment to open your first franchised restaurant if, for example, you sign a Development Agreement for the development of 5 Monical's restaurants.

Type of Expenditure	Amount	Method of Payment	When Due	Who You Have to Pay
Development Fee*	$60,000	Cashier's Check	Upon Signing Development Agreement	Us

Franchise Fee	$30,000	Cashier's Check	Upon Signing 1st Franchise Agreement	Us
Other Expenditures* for 1st business	$462,550 to $1,088,400	As Disclosed in Preceding Table	As Disclosed in Preceding Table	As Disclosed in Preceding Table
TOTAL	$552,550 to $1,178,400			

*The formula for the calculation of the development fee is described in greater detail in ITEM 5 of this Disclosure Document.

**The balance of your initial investment for the first franchised restaurant is as stated in the preceding table. Your costs to develop the second and each additional franchised restaurant may increase over time due to factors such as inflation, increases in the cost of labor and materials, and other factors not within our control.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase your furniture, fixtures, equipment, including computer equipment, inventory and signage as specified in the Monical's Pizza Confidential Operations Manual ("Confidential Operations Manual"). These specifications include standards and specifications for appearance, quality, price, performance and functionality. These standards and specifications are based on our experience in operating businesses of the type we are franchising and through research and testing in our businesses. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised restaurant, during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Confidential Operations Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices. While we have created standards and specifications for the development of your franchised restaurant, we have not designated any vendors and suppliers. No officer of the franchisor has any ownership or other interest in any supplier.

If you would like to use any goods or services in establishing and operating the franchised restaurant that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approved supplier criteria. You must pay our expenses to evaluate goods, services or suppliers. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services or use a particular supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; and dependability and general reputation.

Periodically, we may review our approval of any services, goods or suppliers. We will notify you in writing if we revoke our approval of any services, goods or suppliers, and you must immediately stop purchasing disapproved services or goods, or must immediately stop purchasing from a disapproved supplier. Additionally, we may negotiate pricing arrangements, including volume discounts on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume. Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

Although you are not required to buy anything from franchisor or our affiliates, there are certain branded items that you may purchase from the franchisor. We estimate that approximately 1% to 3% of your expenditures for leases and purchases in establishing your franchised restaurant will be for goods and services that must be purchased from an approved supplier or according to our standards and specifications. We estimate that approximately 25% to 30% of your expenditures on an ongoing basis will be for goods and services that must be purchased from an approved supplier and according to our standards and specifications. As of the date of this Disclosure Document, we have not derived any revenue from the sale of goods and services by third party suppliers to our franchisees.

We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether your purchases are through the sources we designate or approve. We have no purchasing or distribution cooperatives serving our franchise System.

Development Agreement

We have no required designated or approved suppliers for real estate relating to the Development Agreement. We receive no revenue, rebates or discounts as a result of developers' purchases or leases in connection with Development Agreements.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in the Franchise Agreement (FA) or Development Agreement (DA)	Disclosure Document ITEM
a.	Site selection and acquisition/lease	FA: Section 5 DA: None	ITEMS 11 and 12
b.	Pre-opening purchases/leases	FA: Sections 5, 12 and 15 DA: None	ITEMS 7 and 8
c.	Site development and other pre-opening requirements	FA: Sections 5 and 8 DA: None	ITEMS 7, 8 and 11
d.	Initial and ongoing training	FA: Section 8 DA: None	ITEMS 6, 7 and 11

Obligation		Section in the Franchise Agreement (FA) or Development Agreement (DA)	Disclosure Document ITEM
e.	Opening	FA: Sections 5 and 8 DA: Section 4	ITEM 11
f.	Fees	FA: Sections 3, 5, 8, 10, 11, 13, 15, 18 and 21 DA: Sections 3 and 7	ITEMS 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	FA: Sections 6, 7, 9, 10 and 13 DA: None	ITEMS 8, 14 and 16
h.	Trademarks and proprietary information	FA: Sections 6, 7 and 9 DA: Section 6	ITEMS 13 and 14
i.	Restrictions on products/services offered	FA: Sections 5, 6 and 13 DA: None	ITEMS 8 and 16
j.	Warranty and customer service requirements	FA: Section 13 DA: None	ITEM 16
k.	Territorial development and sales quotas	FA: None DA: Sections 2 and 4, and Exhibit A	ITEM 12
l.	Ongoing product/service purchases	FA: Section 13 DA: None	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	FA: Sections 5, 10 and 13 DA: None	ITEM 6
n.	Insurance	FA: Section 15 DA: None	ITEMS 6, 7 and 8
o.	Advertising	FA: Section 11 DA: None	ITEMS 6, 7 and 11
p.	Indemnification	FA: Section 21 DA: Section 11	ITEM 6
q.	Owner's participation/management/ staffing	FA: Section 13 DA: Section 4	ITEM 15
r.	Records and reports	FA: Section 12 DA: None	ITEM 11
s.	Inspections and audits	FA: Sections 6 and 12 DA: None	ITEMS 6, 11 and 13
t.	Transfer	FA: Section 18 and Exhibits 1 and 6 DA: Section 7	ITEM 17
u.	Renewal	FA: Section 4 and Exhibits 1 and 6 DA: Section 5	ITEM 17

Obligation		Section in the Franchise Agreement (FA) or Development Agreement (DA)	Disclosure Document ITEM
v.	Post-termination obligations	FA: Section 17 and Exhibits 2 and 6 DA: Section 9	ITEM 17
w.	Non-competition covenants	FA: Sections 7 and 17 and Exhibits 3 and 6 DA: Section 9	ITEM 17
x.	Dispute resolution	FA: Section 23 and Exhibit 6 DA: Section 13	ITEM 17
y.	Other	Not Applicable	Not Applicable

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your lease 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.

A. Before you open your franchised restaurant, we will:

1. if we have not already approved a site that you have selected before signing the Franchise Agreement, designate the area within which you will locate the franchised restaurant, provide you with our criteria for site selection and approve a site you have selected (which meets the criteria) for the location of the franchised restaurant. (Franchise Agreement, Sections 2.3 and 5.1)*

2. designate your non-exclusive area (area of primary responsibility). (Franchise Agreement, Section 2.5)

3. if you are a Developer, designate your development territory, as described in ITEM 12. (Development Agreement, Section 2.1)

4. review and approve your lease or purchase agreement for the site for the approved location. (Franchise Agreement, Section 5.3)

5. provide you with specifications for the build-out of the franchised restaurant along with a list of required equipment and improvements that you are required to purchase and install. (Franchise Agreement, Section 5.4) Typically, we will not assist you in the construction, remodeling or decorating of the site.

* All citations of Section numbers throughout this Disclosure Document refer to the Franchise Agreement attached as Exhibit C unless designated otherwise.

6. provide an initial training program. This training is described in detail later in this ITEM. (Franchise Agreement, Section 8.1) Typically, we will not assist you in hiring employees.

7. provide to you on-site assistance and guidance to assist you with the opening of the franchised restaurant and provide on-the-job training. (Franchise Agreement, Section 8.1)

8. provide to you, on loan, with access to an electronic copy of the Monical's Pizza Confidential Operations Manual. The approximate total number of pages in the Confidential Operations Manual as of the date of this Disclosure Document is 1,341. The Table of Contents of the Confidential Operations Manual, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document. (Franchise Agreement, Section 9.1)

B. <u>After the opening of the franchised restaurant, we will:</u>

1. periodically, advise and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods; however, you will use your own judgment to make all business decisions and should not rely solely upon any advice given or statements made by us. Our guidance is based on our and our franchisees' experience in operating Monical's restaurants. Such advice and guidance may consist of knowledge and experience relating to the authorized services or products, as well as operational methods, accounting procedures, and marketing and sales strategies. (Franchise Agreement, Section 14.1)

2. at our discretion, make periodic visits to the franchised restaurant to give you assistance with or guidance on various aspects of the operation and management of a Monical's restaurant. We may prepare written reports outlining any suggested changes or improvements in the operations of the franchised restaurant and detail any deficiencies that become evident as a result of any such visit. If we prepare a report, we will provide the same to you. (Franchise Agreement, Section 14.2)

3. make available to you operations assistance and ongoing training as we think necessary. (Franchise Agreement, Sections 8.1 and 8.5)

4. approve forms of advertising materials you will use for local advertising, grand opening advertising and cooperative advertising. (Franchise Agreement, Section 11.2)

5. notify you of modifications to the Confidential Operations Manual. (Franchise Agreement, Section 9.2)

C. <u>Advertising and Promotion</u>

1. During your first 3 months of operation, you must spend a minimum amount we specify on local advertisement and promotion of initial opening (grand opening advertising), including print, media or direct mail advertising, dues for business organizations, event dues or other solicitation and promotional efforts. We determine the minimum amount by assessing advertising costs in your area and taking into account the time of year that you are opening. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising. (Franchise Agreement, Section 11.1)

2. Each month, you must spend at least 2% of the previous month's gross sales on advertising, promotions and public relations in the local area surrounding the franchised restaurant. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review and approve your advertisements. We will not spend any funds on advertising your franchised restaurant in your local area. (Franchise Agreement, Section 11.2)

3. We may develop a System-wide marketing fund, and you must contribute to the fund. (Franchise Agreement, Section 11.3) We will set the exact percentage that you must contribute and we may adjust the percentage periodically. We will administer the marketing fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the marketing fund.

(b) We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the marketing fund. We will not use marketing fund contributions for the direct solicitation of franchise sales.

(c) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the marketing fund before we use current contributions. We intend for the marketing fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the marketing fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a *pro rata* basis.

(d) All Monical's restaurants owned by an affiliate or us will make similar contributions to the marketing fund as required of franchisees.

(e) We will have an accounting of the marketing fund prepared each year and once completed, we will provide you with a copy if you request it. We may require that the annual accounting be audited by an independent certified public accountant at the expense of the marketing fund.

(f) The marketing fund is not a trust and we assume no fiduciary duty in administering the marketing fund.

We have not collected any marketing fund contributions. As a result, we have not spent any money from the System-wide marketing fund. Except for our reasonable administrative costs, overhead related to the administration of the marketing fund and salaries of any marketing personnel that may be

employed by us, we do not and will not receive compensation for providing goods or services to the fund. No marketing funds are used for solicitation of new franchisees.

4. Although we are not obligated to do so and have not yet done so, we may create a cooperative advertising program for the benefit of all Monical's restaurants located within a particular region. If we do, we have the right to collect and designate all or a portion of the local advertising for a cooperative advertising program. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. If a cooperative advertising program is implemented in a particular region, we may establish an advertising council for franchisees in that region to self-administer the program. If we establish a cooperative advertising program or programs with or without an advertising council, there are no limits on our right to change, dissolve or merge such program(s) and/or council(s) at any time. (Franchise Agreement, Section 11.4)

5. You should list the telephone number for the franchised restaurant in your local telephone directory. (Franchise Agreement, Section 11.6)

6. Under the Franchise Agreement, you are restricted from establishing a presence on, or marketing using, the Internet in connection with the franchised restaurant without our prior written consent. However, you may market using the internet in connection with the franchised restaurant for the purpose of collecting e-mail addresses from guests of your restaurants for use in future e-mail marketing activities. You must continue to follow Monical's internet usage rules, policies and requirements. We have established and maintain an Internet website at the uniform resource locator www.monicalspizza.com that provides information about the System and about Monical's restaurants. We will include at our website a link to your franchised restaurant's website. In addition, we will include at our website an interior page containing information about your franchised restaurant. All information shall be subject to our approval before posting. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Monical's Pizza website. (Franchise Agreement, Section 11.5)

D. Computer/Point-of-Sale System

You must purchase, update, maintain and use any hardware and software programs we designate. (Franchise Agreement, Section 12.5) Presently, we require you to purchase the following hardware and software:

HARDWARE
CPUs
Touch Screen Monitors
Credit Card Readers

Cash Drawers
Backup Batteries
Receipt Printers
32-port gigabit switch POE (minimum)
Whoozzz Calling 4 Phone – Network
3 TB NAS
2 - Cameras (minimum)
Wireless router – PCI compliant
SonicWall wireless firewall router
SOFTWARE
Pizza Director by FoodTec POS Software

Although we don't specify the sources for your hardware, you will be required to comply with FoodTec specifications for compatible hardware. The approximate cost of the hardware and software is between $15,000 and $30,000.

You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for computer and point-of-sale systems. There are no limits on our rights to do so. There are no contractual limitations on our right to independently access all information you collect or complete at any time without first notifying you. (Franchise Agreement, Sections 10.2, 12.5 and 12.6)

E. Methods Used to Select the Location of the Franchised Restaurant

We do not typically own the premises you will lease for the franchised restaurant. If you have a potential site for the franchised restaurant, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will designate a geographic area within which you must locate the franchised restaurant and we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Franchise Agreement, Sections 2.3 and 5.1) If you are signing an Area Development Agreement, the cite specifications requirements may different from the requirements of franchise agreement included in this Franchise Disclosure Document.

The general site selection and evaluation criteria which we consider in approving your site includes the condition of the premises, demographics of the surrounding area, proximity to other Monical's restaurants, proximity to competitive businesses, lease requirements, traffic patterns, visibility, vehicular and pedestrian access, proximity to major roads, ease of ingress and egress, available parking and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within a reasonable time after receiving all requested information. If you and we cannot agree on a suitable site for the franchised restaurant within 90 days after signing the Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement, Section 5.2)

If you are a developer, you must locate each of your franchised restaurants in the development territory, and for each, you must propose the specific sites for our consideration, according to the process above. (Development Agreement, Section 2.1)

F. Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of a Monical's restaurant is 365 days. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures. You are required to open your franchised restaurant and be operational within 365 days after signing the Franchise Agreement. (Franchise Agreement, Sections 5.4 and 5.6)

G. Training

We provide you an initial training program that covers material aspects of the operation of the franchised restaurant. The topics covered are listed in the chart below. This training is conducted at our headquarters in Bradley, Illinois, or another location we designate. We offer our initial training program whenever a new franchise location is projected to be opening. You must designate a manager for the franchised restaurant and he or she must complete to our satisfaction the initial training approximately 12 weeks before the opening of the franchised restaurant. Your designated manager and at least one individual Franchisee if not the same person must complete the initial training program to our satisfaction before we will approve an opening date for the franchised restaurant. Two assistants of your choosing may also attend at your option. We expect that your attendees will advance through the training program at different rates depending on a variety of factors including background and experience. The time frames provided in the following chart are an estimate of the time it will take to complete training. We do not charge for initial training. You must pay for all travel costs and living expenses for yourself and any of your attendees. You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we provide to you. Your franchised restaurant must at all times be under the day-to-day supervision of a designated manager who has completed our training program to our satisfaction. If you replace your designated manager, your new designated manager must attend our training and complete the program to our satisfaction. A replacement for the designated manager has 60 days to complete approved training. You are not charged any fee to have a new designated manager attend our training program, unless your manager changes are excessive or caused by poor hiring practices. You must pay all travel costs and living expenses for a new designated manager's attendance. (Franchise Agreement, Section 8)

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Management Skills, Administrative Procedures, New Store Opening Procedures	40	40	Our headquarters in Bradley, Illinois or another location we designate
Accounting/Bookkeeping	8		Our Headquarters in Bradley, Illinois, or another location we designate

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Hiring and Training Policies	8	16	Our headquarters in Bradley, Illinois, or another location we designate
Training Specific Staff Positions as follows: ▪ Dough Makers ▪ Pizza Makers ▪ Preparation Personnel ▪ Oven Personnel ▪ Server Staff ▪ Host ▪ Cashiers ▪ Delivery Personnel		 30 30 8 60 20 6 10 4	Our headquarters in Bradley, Illinois or another location we designate
Personnel Procedures	8		Our headquarters in Bradley, Illinois or another location we designate
Food Preparation & Sanitation	2		Our headquarters in Bradley, Illinois or another location we designate
Delivery Procedures	2		Our headquarters in Bradley, Illinois or another location we designate
Security Procedures	8		Our headquarters in Bradley, Illinois or another location we designate
Vendor Relations and Ordering	8		Our headquarters in Bradley, Illinois or another location we designate
Marketing and Public Relations	8		Our headquarters in Bradley, Illinois or another location we designate

Training will be conducted by Jeff Whitehouse and Racheal Burns and their qualifications are as follows:

Jeff Whitehouse has been a Franchise Field Leader since September 2005. From November 2001 to September 2005, Mr. Whitehouse was our Franchise Coordinator. From January 2000 to November 2001, he was a Franchise Specialist. From February 1998 to November 2001, he was an Assistant Manager. From January 1994 to February 1998, Mr. Whitehouse was a Manager. From January 1991 to January 1994, Mr. Whitehouse was an Assistant Manager, and from 1990 to 1991, an Assistant Manager in Training. Mr. Whitehouse has been with Monical's Pizza since 1989.

Racheal Burns has been a Franchise Field Leader since July 2015. From April 2002 to July 2015 Ms. Burns was a General Manager. From August 2000 to April 2002, she was an Assistant Manager and from April 2000 to August 2000 she was an Assistant Manager in training. From June 1999 to April 2000 Ms. Burns was a Shift Supervisor and from March 1999 to June 1999, she was a Shift Supervisor in Training. Ms. Burns has been with Monical's Pizza since 1992.

If circumstances require, a substitute trainer may provide training. We also reserve the right to name additional trainers periodically. There are no limits on our right to assign a substitute to provide training.

The training will include the following instructional materials: Access to the Monical's Pizza Confidential Operations Manual and other material which may be included at a later time. The training will

occur at our headquarters in Illinois or another location we designate, and at your franchised restaurant location. The dates and location of the training will be communicated to you.

Periodically, we may require that previously trained and experienced franchisees, managers or employees attend refresher-training programs to be conducted at our headquarters. We do not charge a fee for these training programs, but attendance at these programs will be at your sole expense.

ITEM 12. TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The area that you will receive (called an "area of primary responsibility" or "area") will be described and depicted in a map attached to the Franchise Agreement. We determine the boundaries of the area based on a variety of factors, including population, median population age, proximity to competitors, median income characteristics, proximity to other franchisees and natural, physical or political boundaries.

We reserve the right to establish other franchised or company-owned businesses in your area under other systems using other trademarks at locations inside and outside of your area that may compete with your franchised restaurant. We also reserve the right to establish other channels of distribution for the sale of Monical's Pizza menu items, including Internet sales, catalog sales, telemarketing, or other direct marketing sales while using our principal trademark or any other of our trademarks. These activities may compete with your franchised restaurant. We will not compensate you for any sales made in your area through an alternate channel of distribution. You may not directly market to or solicit customers located outside your area of primary responsibility, although you may collect e-mail addresses from guests of your restaurants (even those who reside outside your area of primary responsibility) for use in future e-mail marketing activities. Any sales you make of any products to be resold will be made only in strict compliance with the provisions of the Confidential Operations Manual. Unless you are advertising cooperatively with another franchisee, you may not advertise in any media primarily circulated within another franchisee's area of primary responsibility without our permission.

You will operate the franchise from one location that we approve. You must receive our written permission before relocating. If you can no longer use the location due to circumstances beyond your control, including destruction of the premises, you will be allowed to relocate either permanently or temporarily. If you attempt to sell your franchised restaurant or transfer your interest from the franchised restaurant to a third party, we may exercise our right of first refusal to purchase your franchise on the same terms and conditions as offered by a third party. You do not receive the right to acquire additional franchises within your area of primary responsibility. You must meet our qualifications for new franchisees and pay a franchise fee to qualify for an additional franchise location. There are no minimum sales quotas. If we request, you must combine advertising with other franchises that are located in the market targeted by the advertising.

Development Agreement

If you are a Developer, we will grant you a development territory. The development territory will vary in size depending upon the number of Monical's restaurants you intend to develop and the population

density and demographics of the area under consideration. So long as you meet the minimum development schedule, comply with all other provisions described in the Development Agreement and otherwise comply with the provisions of each related Franchise Agreement, we will not establish or operate, or license others to establish or operate, a Monical's restaurant or substantially similar business in your development territory.

If you are signing an Area Development Agreement, the site specifications requirements may different from the requirements of franchise agreement included in this Franchise Disclosure Document.

At the expiration of the Development Agreement, if you have complied with all of its terms and conditions, and if we determine that the development territory can be further developed by opening additional Monical's restaurants, we will, for one year after the expiration of the Development Agreement give you a right of refusal to develop, own and operate any additional Monical's restaurants proposed for development inside of the development territory.

ITEM 13. TRADEMARKS

You receive the right to operate your restaurant under the trademark Monical's Pizza®, which is the principal trademark used to identify our System. You may also use any other current or future Mark to operate your franchised restaurant that we designate in writing, including the logo on the front of this Disclosure Document and the trademarks listed below. By "Mark," we mean any trade name, trademark, service mark or logo used to identify your restaurant. You may not use any Marks that we have not designated to identify your business. As of the date of this Disclosure Document, we have a registration of the following Marks on the U.S. Patent and Trademark Office ("USPTO") Principal Register:

Mark	Serial or Registration Number	Filing or Registration Date
	Reg. No. 3911116	January 25, 2011
	Ser. No. 88770674	January 23, 2020
	Ser. No. 88770649	January 23, 2020
MONICAL'S PIZZA	Reg. No. 2176932	July 28, 1998
MONICAL'S PIZZA	Ser. No. 88784880	February 4, 2020

Mark	Serial or Registration Number	Filing or Registration Date
	Reg. No. 2306219	January 4, 2000
MONICAL'S	Reg. Nos. 1030310 and 1034949	January 13, 1976 and March 2, 1976
FAMILY PLEASER	Reg. No. 1034950	March 2, 1976
BUDGET PLEASER	Reg. No. 1624268	November 20, 1990
PEOPLE PLEASING PEOPLE	Reg. No. 2024985	December 13, 2016
THE POINT	Reg. No. 3140463	August 31, 2016

As of the date of this Disclosure Document, we have a registration of the following Mark with The State of Illinois Department of Business Services, Trademark/Service Mark Section:

Mark	Registration Number	Registration Date
BUDGET PLEASER	Reg. No. 1624268	November 20, 1989

We have filed the necessary affidavits and renewal applications for the trademarks as required by the USPTO. We know of no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, state or federal involving the Marks. We know of no pending infringement, opposition or cancellation proceeding; we know of no pending material litigation in federal court or in any state court regarding our use or ownership of the Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

There are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in the state of Illinois or any other state in which the franchised restaurant is to be located.

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your franchised restaurant. You must follow our rules when you use the Marks. You cannot use our name or Mark as part of a corporate name. You may not use a name or Mark with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You may only use the Marks in accordance with our standards, operating procedures and specifications. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks.

You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

While we are not required to defend you against a claim arising from your use of, any Mark, or any claim by any person of any rights in any Marks, we are obligated to reimburse you certain costs as outlined below. You may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

If we require, you must modify or discontinue the use of any Mark and to use other trademarks or service marks. If we adopt and use new or modified Marks, you may be required to add or replace equipment, signs and fixtures, and you may have to make other modifications as necessary to maintain uniformity with our current standards and specifications; however, you will not be required to spend more than $50,000 in the aggregate during the initial term of the Franchise Agreement and not more than $50,000 in the aggregate during any one renewal term. We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to such proceeding. We have the right to control the defense and settlement of any such proceeding. Our reimbursement does not include your expenses for removing signage or discontinuing your use of any Mark. Our reimbursement also does not apply to any disputes where we challenge your use of a Mark. Our reimbursement does not apply to legal fees you incur in seeking separate, independent legal counsel.

You must use the Marks as the sole trade identification of the franchised restaurant, but you may not use any Mark or part of any Mark as part of your corporate or other business entity name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not establish, create or operate an Internet site or website using any domain name containing the words "Monical's Pizza" or any variation of the words "Monical's Pizza" without our prior written consent. You may not advertise on the Internet without our consent.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We have no pending patent applications that are material to the franchise. We own copyrights in the Confidential Operations Manual, our website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised restaurant and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Monical's restaurant. We will provide our trade secrets and other confidential information to you during training, in the Confidential Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your franchised restaurant. You may only divulge trade secrets and other confidential information to employees who must have access to it in order to operate the franchised restaurant. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to our trade secrets or other confidential information, including your owners (and members of their immediate families and households), officers, directors, executives, managers, members of your professional staff, all employees and other individuals having access to trade secrets or other confidential information may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary of these agreements and we have the independent right to enforce their restrictive covenants.

All ideas, concepts, techniques or materials concerning the franchised restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.

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

The franchised restaurant must always be under the direct full-time day-to-day supervision of your designated manager, which will include you if you are an individual, or is an individual you select if you are a business entity. You may hire and train designated managers who are not you or owners of your business entity. Thereafter, you must request our consent to select another individual to replace you as the designated manager. If you are a corporation or other business entity, you will select a designated manager for the franchise and we may require that the individual you select be an owner of the franchise. The designated manager must attend and satisfactorily complete our initial training program before opening the franchised restaurant. You must keep us informed at all times of the identity of your designated manager. If you must replace the designated manager, your replacement must satisfactorily complete our approved training program.

Your owners (and members of their immediate families and households), officers, directors, executives, managers, members of your professional staff, all employees and other individuals having access to trade secrets or other confidential information may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the menu items and other products and services we specify. You may not sell any products or services that we have not authorized and you must discontinue offering any products or services that we may, in our sole discretion, disapprove in writing at any time. We may take action, including terminating your franchised restaurant, if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized products or services. There are no limits on our right to do so, except that your investment required to change required or authorized services will not exceed $50,000 during the initial term of the franchise or $50,000 during any one renewal term.

Any additions or remodeling of the franchised restaurant during any term of the Franchise Agreement must be submitted to us in writing and be pre-approved by us before any construction or remodeling of the franchised restaurant or we may terminate your Franchise Agreement.

Periodically, we may allow certain menu items or other products or services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing, your qualifications, and regional or local differences.

Unless a customer initiates contact with you, you may not provide goods or services to a customer who resides outside of your area of primary responsibility. Otherwise, we do not place restrictions on you with respect to who may be a customer of your franchised restaurant.

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.

Franchise Agreement

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term	Section 4.1	The initial term is 5 years.
b. Renewal or extension of the term	Section 4.2	You may renew for 3 additional terms of 5 years each. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 4.2 and Exhibit 6	You may renew the then current Franchise Agreement if you: have substantially complied with the provisions of the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have materially different terms and conditions than your original Franchise Agreement; comply with current qualifications and training requirements; and sign a General Release in a form satisfactory to us and similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	Section 16.1	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by franchisor without cause	Not Applicable	

Provision	Section in Franchise or Other Agreement	Summary
f. Termination by franchisor with cause	Section 16.2	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. "Cause" defined-curable defaults	Section 16.2	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
h. "Cause" defined-non-curable defaults	Section 16.2 and Exhibit 6	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to select an approved site for or establish, equip and begin operations of the franchised restaurant; fail to have your designated manager satisfactorily complete training; made a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the franchised restaurant; after notices to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the franchised restaurant; use the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner; abandon the franchised restaurant for 5 or more consecutive days; surrender or transfer of control of the franchised restaurant in an unauthorized manner; fail to maintain the franchised restaurant under the supervision of a designated manager following the death or incapacity of one of your owners; submit reports on 2 or more separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the

Provision	Section in Franchise or Other Agreement	Summary
		Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on 2 or more occasions any health, safety or other laws or conducts the franchised restaurant in a manner creating a health or safety hazard to customers, employees or the public; engage in any activity reserved to us; fail to comply with laws or regulations after notice of non-compliance; on 2 or more separate occasions, breach the Franchise Agreement or fail to comply with requirements, specifications, standards or procedures on 2 or more occasions within any 12 months; or default under any other agreement between you and us (or an affiliate) such that we (or the affiliate) have the right to terminate the agreement.
i. Franchisee's obligations on termination/non-renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed, you must: stop operating the franchised restaurant; stop using any trade secret or other confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; promptly return to any third party any leased, loaned or other third-party equipment used in the operation of the franchised restaurant; pay all sums owed to us (or an affiliate) including damages and costs incurred in enforcing the Franchise Agreement; surrender access to and return all paper copies of the Confidential Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the franchised restaurant's assets.
l. Franchisor's approval of transfer by franchisee	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for franchisor's approval of transfer	Section 18.2 and Exhibit 6	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have

Provision	Section in Franchise or Other Agreement	Summary
		signed a General Release; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current franchise agreement (any franchisee holding a franchise agreement on April 1, 2008 may on one occasion transfer that franchise agreement to a transferee who shall then be entitled to retain, for so long as that transferee holds a franchise agreement from us, the 4% royalty rate in effect on April 1, 2008. All of the other terms and provisions of the then current Franchise Agreement [as of the date of the transfer] shall be fully effective against the transferee); you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of $10,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; the transferee or all of its equity owners have signed a Nondisclosure and Non-Competition Agreement; the transferee has agreed that its designated manager will complete the initial training program before assuming management of the franchised restaurant; and the transferee has obtained all necessary types of insurance.
n. Franchisor's right of first refusal to acquire franchisee's franchised restaurant	Section 19	We may match an offer for your franchised restaurant or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's franchised restaurant	Section 17.4	Except as described in (n) above, we do not have the right to purchase your franchised restaurant; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised restaurant for fair market value.

Provision	Section in Franchise or Other Agreement	Summary
p. Death or disability of franchisee	Section 18.6	Following the death or incapacity of an owner of the franchised restaurant or the death or incapacity of any holder of a legal or beneficial interest in the franchised restaurant, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchised restaurant within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 7.3	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or customer of the franchised restaurant to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business (if you are a franchisee holding a franchise agreement on April 1, 2008 and you own an interest in, manage, operate, or perform services for a competitive business as of April 1, 2008, you shall be permitted to continue to own an interest in, manage, operate, or perform services for that/those specific competitive business(es) only).
r. Non-competition covenants after the franchise is terminated or expires	Sections 17.2	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a competitive business operating within 25 miles of the franchise location or within the area of primary responsibility (whichever is greater), or within 25 miles of any other Monical's restaurant (if you are a franchisee holding a franchise agreement on April 1, 2008 and you own an interest in, manage, operate, or perform services for a competitive business as of April 1, 2008, you shall be permitted to continue to own an interest in, manage, operate, or perform services for that/those specific competitive business(es) only); or soliciting or influencing any of our customers, employees or business associates to compete with, or terminate their relationship with us or any other Monical's restaurant.

Provision	Section in Franchise or Other Agreement	Summary
s. Modification of the agreement	Sections 9.2, 22.7 and 22.8	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Confidential Operations Manual without your consent if the modification does not materially alter your fundamental rights under the Franchise Agreement.
t. Integration/merger clause	Section 22.7 and Exhibit 6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreements is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 23.7and Exhibit 6	Except for claims relating to the Marks, trade secrets or other confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Champaign County, Illinois.
v. Choice of forum	Section 23.2 and Exhibit 6	Subject to state law, any litigation must be pursued in courts located in Champaign County, Illinois.
w. Choice of law	Section 23.1 and Exhibit 6	Subject so state law, Illinois law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq*.) and disputes over copyrights will be governed by federal copyright laws of the United States.

Development Agreement

Provision	Section in the Development Agreement	Summary
a. Length of development rights term	Section 5.1	The term expires on the last opening date on the development schedule.
b. Renewal or extension of the term	Section 5.2	You have no right to renew, but you do have a right of refusal to open additional franchises in the development territory during the year after the Development Agreement expires.
c. Requirements for developer to renew or extend	Not Applicable	

Provision	Section in the Development Agreement	Summary
d. Termination by developer	Not Applicable	
e. Termination by franchisor without cause	Section 9.1	Termination of any of your Franchise Agreements, will constitute termination of your Development Agreement for cause.
f. Termination by franchisor with cause	Sections 8 and 9,1	We may terminate the Development Agreement only if you default or if one of your Franchise Agreements is terminated.
g. "Cause" defined-curable defaults	Section 8.2	You can avoid termination of the Development Agreement if you cure a default arising from your failure to comply with mandatory specifications in the Development Agreement within 30 days of receiving our notice of termination.
h. "Cause" defined-non-curable defaults	Section 8.1	We have the right to terminate the Development Agreement without giving you an opportunity to cure if you: transfer of control of Development Agreement or an interest in the your business entity in an unauthorized manner; made a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the goodwill associated with the Marks; misuse or make unauthorized use of the Marks; terminate any Franchise Agreement with or without cause; fail to meet the timing requirements and deadlines contained in the development schedule; or fail to comply with any provision of the Development Agreement after notice of non-compliance.
i. Developer's obligations on termination/non-renewal	Section 9	If the Development Agreement is terminated or not renewed, you must: stop using any trade secrets and other confidential information; pay all sums owed to us; and comply with the covenants not to compete and any other surviving provisions of the Development Agreement.
j. Assignment of contract by franchisor	Section 7.1	There are no restrictions on our right to assign our interest in the Development Agreement.
k. "Transfer" by developer-definition	Section 7.2	"Transfer" includes transfer of ownership in the development rights or the Development Agreement.

Provision	Section in the Development Agreement	Summary
l. Franchisor's approval of transfer by developer	Section 7.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for franchisor's approval of transfer	Section 7	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a General Release satisfactory to us and similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee equal to $10,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Development Agreement; the transferee has obtained all necessary consents and approvals of third parties; and you or all of your equity owners have signed a nondisclosure and non-competition agreement in a form acceptable to us and the same as or substantially similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.
n. Franchisor's right of first refusal to acquire developer's development rights	Section 7.5	We may match an offer for your development rights or an ownership interest you propose to sell.
o. Franchisor's option to purchase developer's development rights	Not Applicable	
p. Death or disability of developer	Not Applicable	
q. Non-competition covenants during the term of the Development Agreement	Not Applicable	
r. Non-competition covenants after the Development Agreement is terminated or expires	Section 9.4	The Development Agreement incorporates by reference the post-term non-competition covenants of the Franchise Agreement.

Provision	Section in the Development Agreement	Summary
s. Modification of the agreement	Section 12.8	The Development Agreement can be modified only by written agreement between you and us.
t. Integration/merger clause	Sections 12.1 and 12.8	Only the terms of the Development Agreement are binding (subject to state law), although if there is a conflict between the Development Agreement and any Franchise Agreement, the terms of the Franchise Agreement control. Any representations or promises made outside of the Disclosure Document, Development Agreement and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreements is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 13.7	Except for claims relating to the Marks, trade secrets or other confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Champaign County, Illinois.
v. Choice of forum	Section 13.2	Subject to state law, any litigation must be pursued in courts located in Champaign County, Illinois.
w. Choice of law	Section 13.1	Subject to state law, Illinois law applies, except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C.§ 1051 *et seq*.) and disputes over copyrights will be governed by federal copyright laws of the United States.

ITEM 18. PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 Carol Roosevelt, 530 N. Kinzie, Bradley, Illinois 60915, (815) 937-1890, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised				
	2019	31	30	-1
	2020	30	30	0
	2021	30	30	0
Company Owned				
	2019	32	32	0
	2020	32	32	0
	2021	32	31	-1
Total Outlets				
	2019	63	62	-1
	2020	62	62	0
	2021	62	61	-1

* This chart includes both franchised and company-owned Monical's Pizza restaurants. As of our last fiscal year ending December 31, 2021, there are a total of 61 Monical's Pizza restaurants in operation.

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021		
State	**Year**	**Number of Transfers**
Illinois		
	2019	0
	2020	0
	2021	0
Indiana		
	2019	0
	2020	0
	2021	1
Wisconsin		
	2019	0

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021		
State	**Year**	**Number of Transfers**
	2020	0
	2021	0
Total		
	2019	0
	2020	0
	2021	1

* There were no outlets transferred during our fiscal year ending December 31, 2021.

Table No. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS 2019 TO 2021								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Illinois								
	2019	16	0	0	0	0	0	16
	2020	16	0	0	0	0	0	16
	2021	16	0	0	0	0	1	15
Indiana								
	2019	14	0	0	0	0	1	13
	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
Wisconsin								
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Missouri								
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Total								
	2019	31	0	0	0	0	1	30
	2020	30	0	0	0	0	0	30
	2021	30	0	0	0	0	1	30

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
Illinois							
	2019	31	0	0	0	0	31
	2020	31	0	0	0	0	31
	2021	31	0	0	0	0	31
Missouri							
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	1	0
Total							
	2019	32	0	0	0	0	32
	2020	32	0	0	0	0	32
	2021	32	0	0	0	1	31

* The 31 company-owned units refer to our Monical's Pizza restaurants. Exhibit H contains a list of our company-owned units.

Table No. 5

PROJECTED NEW FRANCHISED OUTLETS AS OF DECEMBER 31, 2021			
State	**Franchise Agreements Signed But Outlet Not Yet Opened**	**Projected New Franchised Outlets In The Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Illinois	0	0	0
Indiana[1]	0	0	0
Missouri	0	0	0
Wisconsin	0	0	0
Total[2]	0	0	0

[1] In 1993 we entered into an agreement with Dennis C. Wittenborn, our former president and a current franchisee, to allow Mr. Wittenborn and his company, Pizza Resources Corporation, to develop franchises in the State of Indiana. As of December 31, 2021, Mr. Wittenborn and Pizza Resources Corporation had developed 13 restaurants in Indiana.

[2] We project the opening 0 Monical's Pizza restaurant during our next fiscal year ending December 31, 2022.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with Monical Pizza Corporation. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. Monical's Pizza has 30 franchised locations as of our last fiscal year ending December 31, 2021. Exhibit G contains a list of the names and last known addresses and telephone numbers of every franchisee who has had an outlet terminated, cancelled,

transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

Currently, we have no trademark-specific franchisee organization associated with the franchise system being offered.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit F are our audited financial statements for the periods ending December 31, 2019, 2020 and 2021.

Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The Monical Pizza Corporation Franchise Agreement (with exhibits) is attached to this Disclosure Document as Exhibit C.

The Monical Pizza Corporation General Release is attached to the Franchise Agreement as Exhibit 1.

The Monical Pizza Corporation Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit 2.

The Monical Pizza Corporation Unlimited Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit 3.

The Monical Pizza Corporation Lease Addendum is attached to the Franchise Agreement as Exhibit 4.

The Holders of Legal or Beneficial Interests in the Franchise Operation Agreement is attached as Exhibit 5 to the Franchise Agreement.

The Multi-State Addendum is attached as Exhibit 6 to the Franchise Agreement.

The E-Mail Marketing Agreement is attached as Exhibit 7 to the Franchise Agreement.

The Monical Pizza Corporation Area Development Agreement is attached to this Disclosure Document as Exhibit E.

The Monical Pizza Corporation Financial Statements are attached as Exhibit F to the Disclosure Document.

The List of Current and Terminated Franchisees is attached as Exhibit G to the Disclosure Document.

The List of Company-Owned Units is attached as Exhibit H to the Disclosure Document.

The Franchisee Disclosure Questionnaire is attached as Exhibit I to the Disclosure Document.

The Monical Pizza Corporation Multi-State Addenda is attached as Exhibit J to the Disclosure Document.

We provide no other contracts or agreements for your signature.

ITEM 23. RECEIPTS

Our copy and your copy of the Franchise Disclosure Document Receipts are located on the last 2 pages of this Disclosure Document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

California
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104

Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Department of Business Oversight
1515 K. Street, Suite 200
Sacramento, California 95814
(866) 275-2677 Toll Free

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
525 Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933

Minnesota
Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 600
St. Paul, Minnesota 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, North Carolina 27603-5909

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Department of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue
Building 69, 1st Floor
Cranston, Rhode Island 02920

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

South Dakota
Department of Labor and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114-6704

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

California
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104

Department of Business Oversight
320 W. 4th Street, Suite 700
Los Angeles, California 90013

Department of Business Oversight
1515 K St., Suite 200
Sacramento, California 95814
(866) 275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Hawaii
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland
Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 600
St. Paul, Minnesota 55101

New York
Secretary of the State of New York
41 State Street
Albany, New York 12231

North Dakota
North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

Rhode Island
Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903

South Dakota
Department of Labor and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Virginia
Clerk, State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Commissioner of Securities
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

MONICAL PIZZA CORPORATION

FRANCHISE AGREEMENT

EXHIBIT C TO THE DISCLOSURE DOCUMENT

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6. MULTI-STATE ADDENDA
7. E-MAIL MARKETING AGREEMENT

MONICAL PIZZA CORPORATION

FRANCHISE AGREEMENT

This Franchise Agreement, made this ____ day of _____, 20____, is by and between Monical Pizza Corporation, an Illinois corporation, having its principal place of business at 530 N. Kinzie, Bradley, Illinois 60915 ("Franchisor"), and the following individual(s)

Name	Name
Address	Address
Address	Address
Phone Number	Phone Number
Name	Name
Address	Address
Address	Address
Phone Number	Phone Number

(Additional individuals subject to this Agreement may be listed on a separate sheet, attached.)

All of the foregoing individuals shall be jointly referred to as the "Franchisee" or the "Franchisees." The Franchisees represent and warrant that they own all of the legal and beneficial equity interest as described in Exhibit 4 to this Agreement in the following entity _____ ("Franchise Operating Entity") which is incorporated or organized in the State of _____ and authorized to do business in the State in which the Approved Location is located.

W I T N E S S E T H :

WHEREAS, Franchisor has developed, and is continuing to develop, a System* identified by the service mark "MONICAL'S PIZZA®" relating to the establishment and operation of dine-in restaurants, which are referred to in this Agreement as "Monical's Restaurants," featuring pizza and an extensive menu offering salads, sandwiches and pasta; and

WHEREAS, in addition to the Marks, the distinguishing characteristics of the System include, uniform standards and procedures for recipes; food preparation and presentation techniques; efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; distinctive interior and exterior design, layout and décor other strategies, techniques and Trade Secrets and other Confidential Information; and the Confidential Operations Manual; and

WHEREAS, Franchisee desires to operate a Monical's Restaurant, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchised Restaurant in strict conformity with Franchisor's System; and

WHEREAS, Franchisor is willing to grant to Franchisee the right, pursuant to the terms of this Agreement, to own and operate a Monical's Restaurant using the System and the Marks.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this Franchise Agreement and all exhibits, attachments and amendments hereto;

"Approved Location" has the meaning given to such term in Section 2.2;

"Approved Supplier" has the meaning given to such term in Section 13.1;

"Area of Primary Responsibility" has the meaning given to such term in Section 2.5;

*Capitalized terms not otherwise defined are defined in Section 1.

"Competitive Business" means any business, whether direct or indirect, that offers (or grants franchises or licenses to others to operate a business that offers) menu items the same as or similar to those provided by Monical's Restaurants or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest, or (c) any business such as supermarkets, grocery stores, convenience stores or other retail stores, the primary business of which is not a restaurant;

"Confidential Information" means technical and non-technical information used in or related to Monical's Restaurants, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"Confidential Operations Manual" means the Monical's Pizza Confidential Operations Manual, whether in paper or electronic form, and any other items as may be provided or modified by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including any other operations, administration and managers' manuals and all books, computer programs, relevant portions of an intranet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Cooperative Advertising" means the combined advertising program of two (2) or more franchisees established within a marketing area that Franchisor may define for Monical's Restaurants within a particular region;

"Designated Area" has the meaning given to such term in Section 2.3;

"Designated Manager" means the Franchisee or if Franchisee is a business entity, the Designated Manager shall be the person designated by Franchisee, or if Franchisee is an individual who dies or becomes incapacitated, that person designated by Franchisee's personal representative, who has primary responsibility for managing the day-to-day affairs of the Franchised Restaurant;

"Effective Date" means the date on which Franchisee and Franchisor fully execute this Agreement;

"Electronic Transfer Account" means an account established by Franchisee at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw or deposit any funds due to or from Franchisor;

"Franchise" means the rights granted to Franchisee by Franchisor to use the System and the Marks pursuant to the terms of this Agreement;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Restaurant" means the Monical's Restaurant to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual(s) defined as "Franchisee" in the introductory paragraph of this Agreement and any additional attached list, together with the Franchise Operating Entity, if any, listed in the introductory paragraph and owned and controlled by the listed individual(s);

"**Franchise Operating Entity**" means either (a) the entity, if any, (i) listed in the introductory paragraph, the entire legal and beneficial ownership of which shall at all times be held only by individuals meeting the definition of Franchisee and listed on Exhibit 4 to this Franchise Agreement, (ii) the charter for which provides that its activities are confined exclusively to the operation of the Franchised Restaurant, and (iii) each stock certificate or other ownership interest certificate for which has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; or (b) a Controlled Entity as defined in Section 18.3 below;

"Franchisor" means Monical Pizza Corporation;

"Franchisor Indemnitees" has the meaning given to such term in Section 21.3;

"General Release" has the meaning given to such term in Section 4.2.9;

"Generally Accepted Accounting Principles" or "GAAP" means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

"Grand Opening Advertising" has the meaning given to such term in Section 11.1;

"Gross Sales" means the entire gross receipts of every kind and nature from sales and services made in, upon and from the Franchised Restaurant without reserve or deduction for inability or failure to collect. Gross Sales shall not include refunds, credits or discounts to customers or the amount of any sales tax levied upon retail sales and payable over to the appropriate governmental authority;

"Gross Sales Reports" has the meaning given to such term in Section 12.2;

"Incapacity" means the inability of Franchisee to operate or oversee the operation of the Franchised Restaurant on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any local or global interactive communications media now available, or that may become available, including sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "MONICAL'S PIZZA®" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate in writing from time to time to be used in connection with Monical's Restaurants;

"Nondisclosure and Non-competition Agreement" has the meaning given to such term in Section 7.4;

"Royalty Fee" has the meaning given to such term in Section 3.2;

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be provided or, modified by Franchisor from time to time for the operation of Monical's Restaurants; and

"Trade Secrets" means information in any form, including, but not limited to, technical or non-technical data, formulas, recipes, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers, related to or used in Monical's Restaurants that is not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. GRANT OF FRANCHISE

2.1 Grant

2.1.1 Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) Monical's Restaurant using the System and Marks. Although each Franchisee will remain individually liable to Franchisor for the Franchisee's obligations under this Franchise Agreement, the Franchisee may meet its obligations to operate the Franchised Restaurant through the actions of Franchise Operating Entity; so, by way of example, the Franchise Operating Entity may sign the necessary lease, enter contracts with necessary vendors and employ the necessary employees. Franchisor's acceptance of performance from the Franchise Operating Entity shall not mitigate Franchisee's individual liability for further performance.

2.1.2 Franchisee, in using Franchisor's System, acknowledges and shall not contest Franchisor's exclusive ownership and rights to each and every aspect of the System. The right to use the said System is limited to the location and territory identified in this Agreement.

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Restaurant is not identified as of the Effective Date, then the geographic area in which the Franchised Restaurant is to be located shall be within defined area described below ("Designated Area"). Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with Section 5.1. When the Approved Location has been proposed by Franchisee and approved by Franchisor, its address shall be inserted into Section 2.2, shall be initialed and dated by Franchisee and Franchisor and the Designated Area shall lapse. The failure to insert such address shall not automatically affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. A detailed description of the Designated Area is:

_____

_____

_____.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.5 Area of Primary Responsibility

2.5.1 Franchisee will not receive an exclusive territory. Franchisee shall receive a territory called the "Area of Primary Responsibility," to be mutually agreed upon by Franchisor and Franchisee, and depicted in the map in Section 2.5.3 below. Franchisee will operate the Franchised Restaurant in the designated Area of Primary Responsibility and shall limit all direct marketing and advertising within such area, as stated in Section 2.7. As long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not limit or alter the boundaries of Franchisee's Area of Primary Responsibility. Franchisee's rights in the Area of Primary Responsibility are subject to Franchisor's rights articulated in Section 2.6.

[The remainder of this page is intentionally left blank.]

2.5.2 The Area of Primary Responsibility shall be defined by and exist within the following zip codes or other physical, political or natural boundaries:

_____

_____

_____

_____.

2.5.3 The map of the Area of Primary Responsibility is:

2.5.4 Franchisee's Area of Primary Responsibility does not amount to an exclusive territory. All marketing and direct solicitation efforts shall be limited to Franchisee's Area of Primary Responsibility as specified in Section 2.7 of this Agreement.

2.5.5 Any sales made by Franchisee of any products to be resold shall be made only in strict compliance with the provisions of the Operations Manual.

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, Monical's Restaurants outside of the Area of Primary Responsibility as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Area of Primary Responsibility;

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Restaurant (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Area of Primary Responsibility. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Area of Primary Responsibility which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a Monical's Restaurant; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in some form of business entity or arrangement with Franchisor (or an Affiliate) under the businesses' existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Area of Primary Responsibility;

2.6.5 provide the services and sell the products authorized for Monical's Restaurants using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for Monical's Restaurants to a customer whose principal residence (or principal business office if the customer is a business entity) is located within the Area of Primary Responsibility if contact with Franchisor is initiated by the customer and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal residence (or principal business office, if the customer is a business entity) is outside Franchisee's Area of Primary Responsibility. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the area of primary responsibility of another franchisee. Franchisee may engage in e-mail marketing using the internet in connection with Franchisee's franchised restaurant for the purpose of collecting e-mail addresses from guests of Franchisee's restaurants only if Franchisee signs the Agreement in the form of Exhibit 6 to the Franchise Agreement and complies with the provisions of that Agreement. Franchisee must continue to follow Franchisors internet usage rules, policies and requirements. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other Monical's Restaurants, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of _____ DOLLARS ($_____). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Sections 5.2, 5.5 and 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Royalty Fee

3.2.1 On the tenth day of each month for so long as this Agreement is in effect, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a monthly fee ("Royalty Fee") equal to four percent (4%) of Gross Sales for the previous month. Each month's Royalty Fee shall accompany the Gross Sales Report, as required by Section 12.2 for the same period.

3.2.2 Notwithstanding the foregoing, any franchisee holding a franchise agreement on April 1, 2008 shall pay the four percent (4%) royalty rate in effect on April 1, 2008 for the term of the franchise and any renewal terms if the franchisee agrees to sign the most current form of franchise agreement.

3.3 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales, excise, use, withholding, and other taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Restaurant is located.

3.4 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of collecting any payments due to

Franchisor or depositing residual payments or other payments due to Franchisee. Every month, Franchisee shall make timely deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall be responsible for any fees or charges resulting from failure to make timely deposits. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Transfer Account. Once established, Franchisee shall not close the Electronic Transfer Account without Franchisor's prior written consent.

3.5 Late Fees

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month or the highest rate allowed by the law of the state where the Franchised Restaurant is located, whichever is lower, from the date payment is due to the date full payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees and whether or not suit is required. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.6 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor has the right to apply all or any portion of any payments by Franchisee to any past due indebtedness of Franchisee to Franchisor with respect to any fees or any other amount owed to Franchisor in any proportion or priority.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Successor Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the initial term and at the expiration of the first and second renewal terms of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is limited to three (3) successive terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, that is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Restaurant reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;

4.2.7 Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee, provided Franchisee remains in the Approved Location;

4.2.8 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed in writing to comply with any training requirements Franchisor may determine necessary; and

4.2.9 Franchisee has executed a general release, in a form satisfactory to Franchisor and substantially similar to the General Release attached as Exhibit 1 ("General Release"), releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners and employees.

5. ESTABLISHING THE FRANCHISED RESTAURANT

5.1 Selection of Site

If an Approved Location for the Franchised Restaurant has not been determined as of the Effective Date, Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisee shall promptly select a site for the Franchised Restaurant and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of a proposed site within a reasonable time, usually thirty (30) days, after Franchisee notifies Franchisor of the selection of such site. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Restaurant. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other existing or potential sites for Monical's Restaurants, proximity to Competitive Businesses, lease requirements, traffic patterns, visibility, vehicular and pedestrian access, proximity to major roads, available parking and overall suitability. Franchisee shall not locate the Franchised Restaurant on a selected site without the prior written approval of Franchisor. ***Franchisor does not represent that it, or any of its Affiliates, owners or employees, have special expertise in selecting sites. Neither***

Franchisor's assistance in selecting, nor approval of, any Approved Location shall be, or be deemed to be, any representation, guarantee or indication by Franchisor that the Franchised Restaurant will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Restaurant, which meets with Franchisor's approval within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a General Release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Acquisition of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor in writing. Franchisor shall not unreasonably withhold its approval. ***Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation, guarantee or indication that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement.*** Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to remain in good standing under any lease of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder, and the time to cure the same hereunder shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and the lease shall contain a "Lease Addendum" in the form of Exhibit 4, fully executed by Franchisee and the lessor of the Approved Location.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of a Monical's Restaurant, including specifications for the exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as Franchisor deems necessary. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such plans and specifications and shall begin operating the Franchised Restaurant within three hundred sixty-five (365) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ an approved competent licensed architect and engineer to prepare, for Franchisor's approval, preliminary specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning approvals, permits and clearances which may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the development and operation of the Franchised Restaurant and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase all supplies or inventory, including non-perishable food or beverage inventory, necessary for the operation of the Franchised Restaurant;

5.4.6 purchase and install all point-of-sale and computer equipment, signs, furniture, fixtures and any other equipment required for the operation of the Franchised Restaurant; and

5.4.7 establish broadband or high-speed Internet access (where available) and obtain at least one (1) telephone number and one (1) facsimile number solely dedicated to the Franchised Restaurant.

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location for the Franchised Restaurant within three hundred sixty-five (365) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.5, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a General Release. Franchisee is entitled to such refund only in the event Franchisor terminates the Franchise Agreement solely based on its determination that Franchisee has failed to satisfactorily develop the Approved Location.

5.6 Opening

5.6.1 Before opening the Franchised Restaurant and commencing business, Franchisee must:

5.6.1.1 fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5.6;

5.6.1.2 furnish Franchisor with copies of all insurance policies required by this Agreement and by the lease, and such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.6.1.3 complete initial training to the satisfaction of Franchisor;

5.6.1.4 hire and train the personnel necessary or required for the operation of the Franchised Restaurant;

5.6.1.5 obtain all necessary permits and licenses;

5.6.1.6 purchase all perishable or date-sensitive food and beverage inventory not purchased pursuant to Section 5.4.5;

5.6.1.7 if Franchisee includes a business entity, such entity has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof with a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

5.6.1.8 pay in full all amounts due to Franchisor; and

5.6.1.9 complete any other actions reasonably required by Franchisor to help assure the smooth and efficient commencement to the operation of the Franchised Restaurant.

5.6.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Restaurant within three hundred sixty-five (365) days after the Effective Date. Time is of the essence.

5.7 Failure to Open

Should Franchisee fail to commence operations of the Approved Location for the Franchised Restaurant within three hundred sixty-five (365) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.7, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and Franchise Development Expenses of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Restaurant and shall not be construed as nor considered to be a penalty.

5.8 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of a Monical's Restaurant in full compliance with this Agreement and the Confidential Operations Manual, unless otherwise approved in writing in advance by Franchisor.

5.9 Relocation

Franchisee shall not relocate the Franchised Restaurant without the prior written consent of Franchisor. If the lease for the Approved Location expires or terminates through no fault of Franchisee or if the Franchised Restaurant's premises are destroyed, condemned or otherwise rendered unusable through no fault of Franchisee, Franchisee may request the right to relocate the Franchised Restaurant either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Franchised Restaurant for any other reason, Franchisee shall request the right and Franchisor may approve or disapprove such request. Any relocation of the Franchised Restaurant shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.7. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1.1.

6. PROPRIETARY MARKS

6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is non-exclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Restaurant. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at any office location, a prominent notice stating that the Franchised Restaurant is an "Independently Owned and Operated Monical's Pizza Franchise" of Franchisee.

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have the right to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not

apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Restaurant, Franchisor and its designees have the right to enter and inspect the Franchised Restaurant at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Restaurant in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other inventory items offered for retail sale, or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Restaurant and to interview and survey (whether in person or by mail) customers and employees. Franchisee and its employees shall fully cooperate with Franchisor's representatives in conducting any such inspections and surveys and shall provide Franchisor's representatives with any and all requested information, data, reports and documents requested by Franchisor's representatives and shall provide Franchisor's representatives with copies of any requested documents or materials.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, and shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "MONICAL'S PIZZA," or any variation thereof. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Confidential Operations Manual.

7. CONFIDENTIAL INFORMATION

7.1 Confidentiality

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Confidential Operations Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Restaurant and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business

venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Monical's Pizza franchisees if owners of Monical's Restaurants, members of their immediate families or households, and/or Franchise personnel were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business or customer of the Franchised Restaurant or any other Monical's Restaurant to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located. Notwithstanding the foregoing, any franchisee holding a franchise agreement on April 1, 2008 who owns an interest in, manages, operates, or performs services for a Competitive

Business as of April 1, 2008 shall be permitted to continue to own an interest in, manage, operate, or perform services for that/those specific Competitive Business(es) only.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form acceptable to Franchisor and the same as or substantially similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2 ("Nondisclosure and Non-Competition Agreement"), upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and up to two (2) assistants. At least twelve (12) weeks prior to the opening of the Franchised Restaurant, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to the operation and administration of the Franchised Restaurant including, but not limited to, food preparation and presentation methods and techniques; sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques; record keeping; and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. Franchisor may, at its discretion, require additional training. Franchisor shall not charge tuition or similar fees for the initial training described above, however, all expenses incurred by Franchisee and its personnel in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Restaurant, Franchisor shall make available to Franchisee, at Franchisor's expense, one (1) of Franchisor's representatives, experienced in the System, for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Restaurant. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Restaurant, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3 Failure to Complete Initial Training Program

If Franchisor determines that Franchisee's Designated Manager and/or its other personnel are unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of the General Release, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities)If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select one (1) substitute manager and such substitute manager must promptly complete the initial training to Franchisor's satisfaction.

8.4 New Designated Manager

Franchisee shall maintain a Designated Manager, which may be Franchisee, at all times during the term of this Agreement. Franchisee shall notify Franchisor in writing within two (2) business days of any change with respect to the Designated Manager, and if a Designated Manager ceases to act in this capacity, Franchisee will name a replacement Designated Manager within twenty-eight (28) days and promptly notify Franchisor in writing of the identity of the new Designated Manager. The new Designated Manager must complete the approved training program to Franchisor's satisfaction within sixty (60) days of being named.

8.5 Additional Training

From time to time Franchisor may provide additional training, in which event Franchisor has the right to require that the Designated Manager attend such training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. CONFIDENTIAL OPERATIONS MANUAL

9.1 Availability

While this Agreement is in effect, Franchisor shall grant Franchisee access to an electronic copy of the Confidential Operations Manual. The Franchisee must have access to the Confidential Operations Manual, located on the Franchisor's Intranet. If the Franchisee is not involved with the day-to-day operation the Designated Manager must also have access to the Confidential Operations Manual, located on the Franchisor's Intranet. Franchisee shall conduct the Franchised Restaurant in strict accordance with the provisions set forth in the Confidential Operations Manual. The Confidential Operations Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Confidential Operations Manual shall, at all times, remain the sole property of Franchisor, shall promptly be returned to Franchisor, shall not be copied or distributed by Franchisee, and upon expiration or termination of this Agreement, Franchisee shall not keep any copies thereof in any form or continue to make use of any of the information contained therein.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Confidential Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental

status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. When Franchisor makes any change to the Operations Manual, it will notify Franchisees by email or other reliable means of communication. Franchisee will be required to acknowledge the notification in writing and will have the affirmative obligation to notify its Designated Manager of the changes. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that any printed materials from the Confidential Operations Manual is current and up-to-date at all times. If a dispute as to the contents of the Confidential Operations Manual arises, the terms of the master copy of the Confidential Operations Manual maintained by Franchisor at Franchisor's headquarters shall control.

9.3 Confidentiality

The Confidential Operations Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of this Agreement and after its expiration or termination. If the Confidential Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Confidential Operations Manual in a secure manner in Franchisee's office; if the Confidential Operations Manual is in electronic form, Franchisee shall maintain the Confidential Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Confidential Operations Manual, access to the Confidential Operations Manual or any key, combination or passwords needed for access to the Confidential Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Confidential Operations Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Restaurant to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Confidential Operations Manual and communications to Franchisee by Franchisor.

10.2 Modification of the System

10.2.1 Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or additional computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall promptly accept and implement any such changes in, or additions to, the System. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) FIFTY THOUSAND DOLLARS ($50,000.00) in the aggregate during the initial term or during any one (1) renewal term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to operate a successor franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2.

10.2.2 Any additions or remodeling of the Franchised Restaurant during any term of the Franchise Agreement must be submitted to Franchisor in writing and be pre-approved by Franchisor prior

to any construction or remodeling of the Franchised Restaurant or the Franchise Agreement may be terminated.

10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Monical's Restaurant. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Grand Opening Advertising

Prior to, and/or during a period of approximately three (3) months following the initial opening of the Franchised Restaurant, Franchisee shall spend an amount specified by Franchisor on local advertising and promotion of the initial opening ("Grand Opening Advertising"). Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend on Grand Opening Advertising based upon Franchisor's general assessment of the area surrounding the Franchised Restaurant and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchisee shall conduct Grand Opening Advertising. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2.2. Grand Opening Advertising expenditures shall be in addition to any Local Advertising and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee shall be required to spend at least two percent (2%) of the previous month's Gross Sales on advertising, promotions and public relations within the immediate locality surrounding the Franchised Restaurant ("Local Advertising"). If required, such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising that month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within ten (10) days from the date all such materials are received by Franchisor. If Franchisor does not approve submitted materials within ten (10) working days, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 Marketing Fund

Franchisor may establish and administer a System-wide marketing, advertising and promotion fund ("Marketing Fund"). In that case, Franchisee shall be required to contribute monthly to the Marketing Fund in an amount specified by Franchisor and which Franchisor may adjust from time to time ("Marketing Fund Contributions"). Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before changing Marketing Fund

Contribution requirements. The Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fund. The program(s) may be local, regional or System-wide.

11.3.2 Franchisee's Marketing Fund Contributions may be used to pay the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.

11.3.3 Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and then out of current contributions.

11.3.4 Although Franchisor intends the Marketing Fund to be an ongoing fund, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Marketing Fund Contributions made in the aggregate by each franchisee with respect to the fiscal years during which the Marketing Fund Contributions then remaining were collected.

11.3.5 Each Monical's Restaurant operated by Franchisor or an Affiliate shall make Marketing Fund Contributions at the same rate as Monical's Pizza franchisees.

11.3.6 An accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Marketing Fund audited, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.7 Franchisee acknowledges that the Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Marketing Fund.

11.4 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of Monical's Restaurants located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market

areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in any Cooperative Advertising program established with respect to Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to administer the Cooperative Advertising program or to establish an advertising council of franchisees to administer the Cooperative Advertising program. Franchisee shall participate in the council according to the rules and procedures established by the council and Franchisee shall abide by the council's decisions. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Restaurant without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator www.monicalspizza.com that provides information about the System and the services that Franchisor and its franchisees provide. Franchisor may (but is not required to) include at the Monical's Pizza website an intranet section or an interior page containing information about the Franchised Restaurant. If Franchisor includes such information on the Monical's Pizza website, Franchisor has the right to require Franchisee to prepare all or a portion of the section or page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise and sell the products and services offered by Monical's Pizza Restaurants and to use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines and search engine optimization techniques, banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Monical's Pizza website.

11.6 Telephone Directory Advertising

Franchisee must list the telephone number(s) for the Franchised Restaurant in the "white pages" local telephone directories.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Restaurant including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts, disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of monthly Gross Sales and shall deliver to Franchisor a statement of Gross Sales signed and verified by Franchisee or Franchisee's chief financial officer ("Gross Sales Report") for each month within ten (10) days of the close of each month in a form that Franchisor approves or provides in the Confidential Operations Manual. The Gross Sales Report for the preceding month must be provided

to Franchisor by the close of business on the tenth (10th) day of each month, or such other day as specified in writing by Franchisor. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.4, the Gross Sales Reports shall be submitted to Franchisor via facsimile transmission, email or other method designated by Franchisor in writing; otherwise the Gross Sales Reports shall be submitted in paper format to Franchisor accompanied by the Royalty Fee.

12.3 Financial Statements

Franchisee shall supply a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date to Franchisor on or before the last day of each month, in a form approved by Franchisor. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of that calendar year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant at Franchisee's expense. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Confidential Operations Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Confidential Operations Manual. Franchisor has the right to release financial and operational information relating to the Franchised Restaurant to Franchisor's lenders or prospective lenders, or to use or disclose such information in an earnings claim created in connection with the sale of Monical's Pizza Franchises. Franchisee or Franchisee's chief financial officer shall certify as true and correct all reports submitted pursuant to this Agreement.

12.5 Computer/Point-of-Sale System

Franchisee shall purchase, install, update, maintain and use computer and point-of-sale systems consisting of software in accordance with Franchisor's specifications and hardware in accordance with either the Franchisor's or software vendor's specifications. Franchisor shall have full access to all of Franchisee's computer and point-of-sale data and systems and all related store operational information by means of direct access, either in person and by broadband or other Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. If Franchisee uses the system for any other purposes, Franchisee shall have the obligation to partition its system to limit access to its non-operational systems.

12.6 Right to Inspect

Franchisor or its designee has the right to require Franchisee to provide the books, records and tax returns of Franchisee via electronic or other means selected by Franchisor for purposes of inspection, examination, copy and audit. If the audit or any other inspection discloses that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum, or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower. If the inspection should reveal that Franchisee has not spent at least two percent (2%) of its monthly Gross Sales on Local Advertising or if the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection, including, without

limitation, travel expenses and reasonable accounting and attorneys' fees. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Restaurant including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis during the term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide, and offer for sale and use at the Franchised Restaurant only those menu items, ingredients, food, beverages, packaging, supplies, signs, equipment and other items and services that Franchisor from time to time approves, and which are not thereafter disapproved, and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves, which might include, or be limited to, Franchisor or an Affiliate. Franchisee shall not offer for sale, sell or provide through the Franchised Restaurant or from the Approved Location any products or services that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Confidential Operations Manual or other written or electronic form, with a list of specifications and a list of Approved Suppliers, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any services or products that Franchisor has not approved, or any services or products that require supplier approval, Franchisee shall first provide Franchisor with sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with Franchisor's standards and specifications or the proposed supplier meets its Approved Supplier criteria. Franchisee shall pay all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within a reasonable time, usually thirty (30) days after receiving all required information, whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on, among other things, the supplier's: ability to provide sufficient quantity and quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers any standards or specifications that Franchisor deems confidential.

13.1.3 Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.2 Appearance and Condition of the Franchised Restaurant

Franchisee shall maintain the Franchised Restaurant and the equipment and signage used in connection with the Franchised Restaurant in "like new" condition, and shall repair or replace equipment, fixtures and signage as necessary to comply with health and safety standards and applicable laws or regulations. The expense of such maintenance shall be paid by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management

The Franchised Restaurant shall, at all times, be under the direct supervision of Franchisee. The Designated Manager shall devote sufficient efforts to the management of the day-to-day operation of the Franchised Restaurant, but not less than forty (40) hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

13.4 Days of Operation

Franchisee shall keep the Franchised Restaurant open for business during normal business hours on the days specified in the Confidential Operations Manual.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or providing any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization).

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Restaurant and shall operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Restaurant, and Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Restaurant.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the receipt of a notice of demand or threatened claim of liability of, or damages against or involving, Franchisee or the Franchised Restaurant not more than five (5)

days after Franchisee's receipts of such notice. Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Restaurant, and of the issuance of any order, writ, injunction, award or decree which may affect the operation or financial condition of the Franchised Restaurant not more than five (5) days after Franchisee receives notice of any such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and Franchisee's employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain the highest standards of quality and service in the operation of the Franchised Restaurant. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Restaurant. Franchisee and all of Franchisee's personnel shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Restaurant pursuant to this Section. Franchisor has the right to terminate this Agreement for violation of this Section.

13.9 Uniforms

Franchisee shall abide by any uniform requirements stated in the Confidential Operations Manual. Uniforms must be purchased from an Approved Supplier.

13.10 Credit Cards

Franchisee shall, at its expense, lease or purchase the necessary equipment or software and shall have arrangements in place with Visa, MasterCard, Discover, American Express and/or such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Restaurant to accept such methods of payment from its customers. All hardware and software of credit card processing must be in compliance with all requirements of First Data Merchant Services (or the then current provider of credit card processing and clearing house services to Franchisor) in order to provide an appropriate level of security, integrity, confidentiality and/or privacy. Franchisee shall use such credit card processing and clearing house services as Franchisor specifies in the Confidential Operations Manual.

13.11 Vending Machines

Franchisee shall not install or use at the Franchised Restaurant any vending machines, amusement devices, jukeboxes, video machines or other similar devices without first securing Franchisor's written approval.

13.12 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Restaurant. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall make a reasonable effort to discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, or other methods with respect to planning, opening and operating the Franchised Restaurant. However, Franchisee shall use its independent judgment to make all business decisions and should not rely solely upon any advice given or statements made by Franchisor. Franchisor shall not charge for this service, however, Franchisor retains the right to refuse to provide, or to charge a fee for, this service should Franchisor deem Franchisee to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Monical's Restaurants and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Restaurant.

14.2 Periodic Visits

Franchisor or Franchisor's representatives may, but are not required to, make periodic visits to the Franchised Restaurant, which may be announced or unannounced for the purposes of inspection, consultation, assistance or guidance with respect to various aspects of the operation and management of the Franchised Restaurant. Franchisor and Franchisor's representatives who visit the Franchised Restaurant may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns noted during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Restaurant. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

15.1 Types and Amounts of Coverage

Within ninety (90) days of the Effective Date, but in no event later than the commencement of operations, Franchisee shall procure and thereafter maintain in full force and effect during the term of this Agreement, the insurance listed below. The liability policy including any applicable umbrella/excess policies shall expressly name Franchisor as an additional insured. In addition to any other insurance that may be required by applicable law, or by any lender or lessor, Franchisee shall procure:

15.1.1 "Special Form" (all risk) property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies, and leasehold improvements and betterments and other property used in the operation of the Franchised Restaurant at full replacement cost;

15.1.2 Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Restaurant is located and employer liability coverage with a minimum limit of ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit as required by applicable state law;

15.1.3 Commercial general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Restaurant, including premises and operations, contractual liability, products completed operations and personal and advertising injury, with minimum limits of liability for each type of insurance

of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS ($2,000,000.00) general aggregate or higher if required by any landlord or lease agreement or by state law

15.1.4 Liquor liability/dram shop policy with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS ($2,000,000.00) in the aggregate or, if higher, the statutory minimum limit required by applicable state law;

15.1.5 Automobile liability insurance including liability coverage for autos owned, hired or borrowed, if applicable, by Franchisee, and liability coverage for autos owned by others ("non-owned auto" coverage) with limits of not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence for bodily injury and property damage combined;

15.1.6 Umbrella excess liability insurance with a minimum liability coverage of TWO MILLION DOLLARS ($2,000,000.00) (umbrella excess liability must provide coverage in excess of commercial general liability, liquor liability, automobile liability and employers liability limits);

15.1.7 Business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.8 Cyber insurance policy with a minimum liability coverage of $1,000,000:

15.1.9 Restaurant Recovery Insurance (or equivalent) due to Food Borne Illness with a minimum liability coverage of $1,000,000: and

15.1.10 Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

Franchisee shall require each of its employees, who at any time, in connection with off-site delivery services, operates a vehicle which is owned by a person other than Franchisee, to maintain insurance insuring the employee's liability as driver of the vehicle in an amount no less than the minimum amount required by law, and Franchisee shall require and maintain at the Franchised Restaurant evidence of such insurance which evidence Franchisee shall provide to Franchisor upon request. Franchisee expressly waives and releases Franchisor and its affiliates and successors, and the respective officers, directors, shareholders, employees and agents of Franchisor and such successors and affiliates, from any obligation or responsibility with respect to any claim asserted, or which may be asserted, by a third party or parties, arising out of or relating to Franchisee's conduct of off–site delivery services.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company approved by the state insurance department in the state in which Franchisee operates and having at least an "AVII" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "AVII" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, and at least ten (10) days prior to the scheduled expiration of each such policy, certificates of insurance showing compliance with the foregoing requirements for the following twelve (12) month period. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all the terms of this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within thirty (30) days after receiving written notice identifying the breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to select an approved site for, or establish, equip and commence operations of, the Franchised Restaurant pursuant to Section 5, or if Franchisor and Franchisee do not agree upon a substitute site pursuant to Section 5.9;

16.2.1.2 fails to have its Designated Manager satisfactorily complete the initial training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Restaurant;

16.2.1.5 after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Restaurant;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Confidential Operations Manual or any Trade Secret or other Confidential Information;

16.2.1.7 abandons, fails or refuses to actively operate the Franchised Restaurant for five (5) or more consecutive days (unless the Franchised Restaurant has not been operational for a purpose approved by Franchisor);

16.2.1.8 surrenders or transfers control of the operation of the Franchised Restaurant, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or of an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.9 fails to maintain the Franchised Restaurant under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

16.2.1.10 submits to Franchisor on two (2) or more separate occasions at any time during the term of this Agreement and any renewals or extensions, any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.11 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of Franchisee's property or any part thereof is appointed by a court; if Franchisee makes a general assignment for the benefit of Franchisee's creditors; if a final judgment against Franchisee remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against Franchisee's property or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.12 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.13 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or to pay any other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.14 violates on two (2) or more occasions any health or safety law, ordinance or regulation, or operates the Franchised Restaurant in a manner that presents a health or safety hazard to customers, employees or the public;

16.2.1.15 engages in any activity exclusively reserved to Franchisor;

16.2.1.16 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.17 on two (2) or more separate occasions at any time during the term of this Agreement and any renewals or extensions, breaches this Agreement and/or fails to comply with mandatory

specifications, customer service standards or operating procedures prescribed in the Confidential Operations Manual on two (2) or more separate occasions within any period of twelve (12) consecutive months, whether or not previous breaches or failures are cured; or

16.2.1.18 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Without limiting the provisions of Section 16.2.1, Franchisor also has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

16.2.2.1 five (5) days after giving notice to Franchisee of Franchisee's failure to pay any amounts due to Franchisor;

16.2.2.2 ten (10) days after giving notice to Franchisee of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

16.2.2.3 thirty (30) days after giving notice to Franchisee of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Operations Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate Franchised Restaurant

Following the delivery of a notice of termination pursuant to Section 16.2.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Restaurant until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Confidential Operations Manual from time to time, currently equal to FIVE HUNDRED DOLLARS ($500.00) per day, and Franchisor shall further be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Restaurant. Should Franchisor elect to assume the

operation of the Franchised Restaurant on a temporary basis, Franchisor shall have no responsibility or liability for the obligations, debts or payments under the lease for the Approved Location or otherwise.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Restaurant and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets and other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor immediately assign (or, if an assignment is prohibited and Franchisor approved the form of lease containing such prohibition, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in any lease then in effect for the Approved Location to Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "MONICAL'S PIZZA®" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 promptly return to any third party any leased, loaned or other third-party equipment used in the operation of the Franchised Restaurant, except to the extent Franchisor shall otherwise direct in writing by which Franchisor shall agree to assume the responsibility of Franchisee with respect thereto under any applicable lease or agreement, but without release of the original liability of Franchisee thereunder;

17.1.6 pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future royalty Fee payments incurred by Franchisor as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

17.1.7 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.8 immediately surrender access to and return any paper copies of the Confidential Operations Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by

Franchisor to Franchisee relating to the operation of the Franchised Restaurant, all of which are acknowledged by Franchisee to be Franchisor's property;

17.1.9 assign all telephone listings and numbers and e-mail addresses for the Franchised Restaurant to Franchisor, notify the telephone company, Internet service provider and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers, facsimile numbers and e-mail addresses associated with the Marks in any regular, classified or other telephone directory or Internet listing, and authorize transfer of same to or at the direction of Franchisor; and

17.1.10 comply with all other applicable provisions of this Agreement.

17.2 <u>Post-Termination Covenant Not to Compete</u>

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

17.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

17.2.1.3 to protect Franchisor with respect to its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business, whether directly or indirectly, located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Area of Primary Responsibility (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other Monical's Restaurant, either owned by or affiliated with Monical Pizza Corporation in existence at the time of termination or expiration (franchisees holding a franchise agreement on April 1, 2008 who own an interest in, manage, operate, or perform services for a Competitive Business as of April 1, 2008 shall be permitted to continue to own an interest in, manage, operate, or perform services for that/those specific Competitive Business(es) only); or

17.2.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or any Monical's Restaurant, or to compete against Franchisor or any Monical's Restaurant.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute a Nondisclosure and Non-Competition Agreement.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Section 17.1 or 17.2. Upon termination or expiration of this Agreement, Franchisee shall immediately cease all use of the Marks, change telephone and fax numbers and website address, and take such other actions as may be necessary to prevent any association between Franchisor and/or the System and Franchisee and any business subsequently operated by Franchisee. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall promptly pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Restaurant including leasehold improvements, equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature are intended to survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee, and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in the Franchise Operating Entity, may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, its assets or any part or all of the ownership interest in Franchise Operating Entity without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach

of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Restaurant, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners of the Franchise Operating Entity) has executed a General Release, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners and employees (in their corporate and individual capacities) including, without limitation, claims incident to the termination of this Agreement, to the transfer of Franchisee's interest herein, and to the transfer of Franchisee's ownership of all or any part of the Franchise Operating Entity; provided, however, that if a General Release is prohibited by law, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that such transferee meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Restaurant;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in any entity that is to become a Franchise Operating Entity, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement. Notwithstanding the foregoing, any franchisee holding a franchise agreement on April 1, 2008 may on one occasion transfer that franchise agreement to a transferee who shall then be entitled to retain, for so long as that transferee holds a franchise agreement from Franchisor, the four percent (4%) royalty rate in effect on April 1, 2008. All of the other terms and provisions of the then current Franchise Agreement (as of the date of the transfer) shall be fully effective against the transferee;

18.2.6 the transferee has executed a General Release, releasing any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners and employees (in their corporate and individual capacities) with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee and/or Franchisor;

18.2.7 written certification that Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TEN THOUSAND DOLLARS ($10,000.00);

18.2.9 the transferee, and all holders of a legal or beneficial interest in any entity that is to be a Franchise Operating Entity, have agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals from third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 the transferee has, and if the transferee is to be a Franchise Operating Entity, all of the holders of a legal and beneficial interest in the transferee have executed and delivered to Franchisor a Nondisclosure and Non-Competition Agreement;

18.2.13 the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Restaurant; and both Franchisee and the transferee have satisfied Franchisor that the Franchised Restaurant shall continue to be operated by a properly trained Designated Manager until such time as the transferee's Designated Manager shall have completed the necessary training; and

18.2.14 the transferee has obtained all necessary types of insurance as described in Section 15.1.

18.3 <u>Transfer to a Controlled Entity</u>

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by, or controlled by, Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized or the Franchise Operating Entity and its charter provides that its activities are confined exclusively to the operation of the Franchised Restaurant;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 Franchisee is in compliance with all of the provisions of this Agreement, and all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Restaurant. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally personally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Restaurant, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.3.4. The transferee entity will be treated as a Franchise Operating Entity.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Restaurant or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and releases and agrees to hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Restaurant by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Restaurant, or in any communication media, any form of advertising relating to the sale of the Franchised Restaurant or the rights granted hereunder. Franchisee shall not, whether in or on the location of the Franchised Restaurant or in any communication media, advertise a "going-out-of-business," inventory liquidation or similar sale or event.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchise (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative controlling such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Restaurant or in the Franchise Operating Entity to a third party who is either (a) another Franchisee and/or owner of the Franchise Operating Entity or (b) approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state where such individual resided, provided that the foregoing provision regarding governing law shall be applicable only for this Section 18.6. During such one hundred eighty (180) day period, the Franchised Restaurant must

remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such a death or Incapacity of such person as described in this Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Restaurant until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Confidential Operations Manual from time to time, currently equal to FIVE HUNDRED DOLLARS ($500.00) per day, and Franchisor shall further be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Restaurant.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Restaurant (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract and all due diligence materials, to Franchisor. The offer must relate only to a sale of the assets or interests related to the Franchised Restaurant, and may not include any other property or rights.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest together with all representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval and all of the requirements of Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Restaurant (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms of and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

In the event Franchisee shall desire to transfer this Agreement to an entity, Franchisee shall represent and warrant that the individuals identified in Exhibit 5 as Holders of a Legal or Beneficial Interest are the sole holders of all of the legal or beneficial interests (in the stated proportions) of the entity to which this Agreement shall be transferred.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, expressed or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Restaurant operating the Franchised Restaurant pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Restaurant.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisor to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee and the Franchise Operating Entity shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Restaurant; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of the lease for the Approved Location; (d) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (e) defamation of Franchisor or the System; (f) acts, errors or omissions committed or incurred in connection with the Franchised Restaurant, including any negligent or intentional acts; or (g) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. Franchisor shall have the right to independently take any action it may deem to be necessary in its sole discretion to protect and defend itself against any threatened action, and shall have the right to indemnification hereunder, without regard to expense, forum or other parties that may be involved.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, reputation and/or goodwill, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems reasonably required with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances for which Franchisor is to be indemnified by Franchisee have occurred. If Franchisor's exercise of its rights under this Section to take remedial or corrective action, causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

Franchisee acknowledges that any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and that the damages arising out of any such breach would be difficult to ascertain, therefore, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to all equitable remedies, including injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against without requirement to post bond, with respect to any such breach, whether actual or contemplated, and Franchisee specifically waives any and all defenses to injunctive relief and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief shall take precedence over the covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by certified or registered mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices,

payments and reports required by this Agreement shall be sent to Franchisee at its address on file with Franchisor and to Franchisor at the following address:

Monical Pizza Corporation
Attn: President
530 N. Kinzie
Bradley, Illinois 60915

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding. Any amounts due from Franchisee to Franchisor shall accrue interest at a rate equal to eighteen percent (18%) per annum, or the maximum rate allowed by applicable law, from the date such payment is due until it is paid in full.

22.5 Unlimited Guaranty and Assumption of Obligations

Simultaneously with the execution of this Agreement, all holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute and deliver to Franchisor the Unlimited Guaranty and Assumption of Obligations attached as Exhibit 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval, and no waiver, approval, advice, consent or services provided by Franchisor to Franchisee shall constitute any warranty or guarantee of any nature.

22.7 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Franchisee acknowledges that Franchisee is entering into this Agreement as a result of its own independent investigation of the Franchised Restaurant and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be

unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid by a court of competent jurisdiction, then it shall be amended to provide for limitations on disclosure of Trade Secrets and other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except the payment of money due, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, and to pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor may set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without reference to its conflict of laws principles, excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Champaign County, Illinois. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Restaurant or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it, including costs, interest and reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to incidental or consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks or the unauthorized use or disclosure of Franchisor's Trade Secrets or other Confidential Information and except for claims for injunctive relief, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Champaign County, Illinois, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court for the State of Illinois located in or serving Champaign County, Illinois. The decision of the arbitrator shall be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document and that Franchisor has accorded Franchisee ample time and opportunity to consult with legal, business, tax and other advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was executed, 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.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for such business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.5 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Monical's Restaurant involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.6 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Restaurant. Franchisee acknowledges and agrees that there have been no representations by Franchisor or anyone on behalf of Franchisor that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document and this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

MONICAL PIZZA CORPORATION:

By:_____

Name:_____

Title:_____

FRANCHISEE:_____
_____, an individual
print name

FRANCHISEE:_____
_____, an individual
print name

FRANCHISEE:_____
_____, an individual
print name

FRANCHISEE:_____
_____, an individual
print name

FRANCHISEE:_____
_____, an individual
print name

FRANCHISEE:_____
_____, an individual
print name

_____
Franchise Operating Entity

By:_____

Name:_____

Title:_____

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

This General Release is made and given on this ____ day of _____, 20____ by _____, ("Releasor") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of: (check applicable provision)

_____ the execution by Monical Pizza Corporation ("Releasee") of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to Releasor by Releasee pursuant to that certain Franchise Agreement (the "Franchise Agreement") between Releasor and Releasee; or

_____ Releasee's consent to Releasor's assignment of its rights and duties under the Franchise Agreement; or

_____ Releasee's consent to Releasor's assumption of rights and duties under the Franchise Agreement; or

_____ Releasee's refund of fifty percent (50%) of the Franchise Fee Releasor paid to Releasee,

and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and accordingly Releasor hereby releases and discharges Releasee, Releasee's Affiliates (as defined in the Franchise Agreement), Releasee's officers, directors, shareholders, and employees (in their corporate and individual capacities), and Releasee's successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that Releasor and Releasor's heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from any time prior to the date hereof to the date of this Release arising out of or related to the Franchise, the Franchise Agreement or any claimed act or omission by Releasee or anyone representing Releasee, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, .

This General Release constitutes the entire agreement between the parties with respect to the subject matter hereof. This General Release supersedes any prior agreements, negotiations and discussions between Releasor and Releasee. This General Release cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

Releasor shall reimburse Releasee for any and all costs and reasonable attorney fees incurred by Releasee in the enforcement of the terms of this General Release, whether or not suit shall be required.

This General Release shall be effective as of the date executed and shall be binding upon the successors and assigns of the parties and shall inure to the benefit of Releasee, its affiliates and their successors and assigns.

This General Release shall be governed by and construed in accordance with the laws of the State of Illinois, without resort to its choice of law provisions.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by Releasor and Releasee.

IN WITNESS WHEREOF, Releasor has executed this General Release as of the date first above written.

RELEASOR: _____
Franchisee (print name)

Signed:_____

RELEASOR: _____
Franchisee (print name)

Signed:_____

RELEASOR: _____
Franchisee (print name)

Signed:_____

RELEASOR: _____
Franchisee (print name)

Signed:_____

RELEASOR: _____
(Franchise Operating Entity)

By:_____

Title:_____

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 General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public
My Commission expires:

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 20____, is by and between _____, ("Franchisee") (d/b/a a Monical's Pizza Franchise) and _____ ("Recipient").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") by and between Franchisee and Monical Pizza Corporation ("Company"); and

WHEREAS, Franchisee desires Recipient to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Recipient execute this Agreement prior to providing Recipient access to said Trade Secrets and other Confidential Information; and

WHEREAS, Recipient understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers (or grants franchises or licenses to others to operate a business that offers) menu items the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

Recipient understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, recipes, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Monical's Pizza Restaurants that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to Monical's Pizza Restaurants that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Recipient; (ii) Recipient can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Recipient of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Recipient understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Recipient and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Recipient shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Recipient must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Recipient must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Recipient's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Recipient's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Recipient's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Recipient or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Monical's Pizza Restaurant.

3. Non-Competition

a) During the term of Recipient's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Recipient's relationship with Franchisee, regardless of the cause of expiration or termination, Recipient shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "Monical's Pizza®" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Monical's Pizza Restaurants or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of Monical's Pizza Restaurants.

b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) For a two (2) year period following the term of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of Franchisee's Franchised Restaurant or within Franchisee's Area of Primary Responsibility, whichever is greater, or within twenty-five (25) miles of any other Monical's Pizza Restaurant without the express written consent of Franchisee. For purposes of this Agreement, Franchisee's "Area of Primary Responsibility" is defined as:

_____

_____

_____

_____.

d) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other Monical's Pizza Restaurant to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other Monical's Pizza Restaurant.

4. Reasonableness of Restrictions

Recipient acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Recipient waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Recipient shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Recipient further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Recipient of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Recipient and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Champaign County, Illinois. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Recipient agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing

party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Recipient and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Recipient, Franchisee and Company.

j) The existence of any claim or cause of action Recipient might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

l) Where Recipient is also a Franchisee under the Franchise Agreement, Recipient's obligations as a Recipient will continue for the longer of the period (a) during which Recipient is a Franchisee and for a two (2) years after the expiration or termination of Recipient's relationship as a Franchisee, regardless of the cause of expiration or termination or (b) During the term of Recipient's relationship with Franchisee Operating Entity and for a period of two (2) years after the expiration or termination of Recipient's relationship with Franchisee Operating Entity, regardless of the cause of expiration or termination.

IN WITNESS WHEREOF, Franchisee has executed this Agreement and Recipient has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

FRANCHISEE/RECIPIENT: _____

Signed: _____

Address: _____

WITNESS: _____

FRANCHISEE/RECIPIENT: _____

Signed: _____

Address: _____

WITNESS: _____

FRANCHISEE/RECIPIENT: _____

Signed: _____

Address: _____

WITNESS: _____

FRANCHISEE/RECIPIENT: _____

Signed: _____

Address: _____

WITNESS: _____

FRANCHISE OPERATING ENTITY:

_____

By: _____

Its: _____

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of_____, 20____, in connection with that certain Franchise Agreement of even date herewith (which Franchise Agreement, as may have been modified, amended and/or supplemented in writing, is hereunder called the Franchise Agreement) by and between Monical Pizza Corporation as "Franchisor" and _____ as "Franchisee".

As used herein, "Related Agreement" shall mean any agreement entered into by and between Franchisor and Franchisee or any Affiliate (as defined in the Franchise Agreement) in connection with or relating to the Franchise Agreement.

For valuable consideration received, and as an inducement to Franchisor to enter into the Franchise Agreement, the undersigned ("Guarantor") hereby unconditionally guarantees to Franchisor and its Affiliates: (a) the full and timely performance by Franchisee of the Franchise Agreement and each related Agreement and all terms, conditions and covenants thereof, and (b) the payment by Franchisee of royalties and all other sums payable by Franchisee under the Franchise Agreement and each Related Agreement.

Guarantor agrees that (1) its obligations hereunder shall be enforceable against Guarantor without the necessity for any suit or proceedings whatsoever against Franchisee, and without the necessity of any notice of nonpayment, nonperformance or nonobservance or any notice of acceptance of this Guaranty Agreement or any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives; (2) immediately upon each and every breach or default of the Franchise Agreement or any Related Agreement by Franchisee, whether before or during the term of the Franchise Agreement or any Related Agreement or thereafter (e.g., during any renewal term), without any notice to or demand upon Guarantor, Guarantor will (i) pay to Franchisor or an Affiliate as applicable, the sum or sums in arrears, (ii) pay to Franchisor or an Affiliate, as applicable, all damages, including but not limited to any expenses, costs and fees incurred by Franchisor or an Affiliate, as applicable,, that may be occasioned by Franchisee's nonperformance, and (iii) comply with or perform all terms and conditions of the Franchise Agreement and each Related Agreement; (3) no extension, forbearance or leniency extended by Franchisor or any Affiliate to Franchisee shall wholly or partially discharge Guarantor hereunder, notwithstanding that Guarantor had no notice of any breach or default of the Franchise Agreement or any Related Agreement or of any such leniency, forbearance or extension; (4) Franchisor or an Affiliate, as applicable, and Franchisee, without notice to or consent by Guarantor, may at any time(s) enter into modifications, renewals, extensions, amendments and/or other agreements respecting the Franchise Agreement or any Related Agreement, and Guarantor shall not be wholly or partially released thereby, it being intended that Guarantor shall continue as guarantor with respect to the Franchise Agreement and each Related Agreement as so modified, renewed, extended, amended or otherwise affected and notwithstanding any transfer or assignment of the Franchise Agreement or any Related Agreement.

The obligations of Guarantor herein shall be co-extensive with those of Franchisee under the Franchise Agreement and each Related Agreement and shall remain in effect as long as Franchisee's obligations under the Franchise Agreement and each Related Agreement are in effect. This Guaranty Agreement is absolute and unconditional and shall continue without being affected by any impairment, release or limitation of the liability of Franchisee or its estate in bankruptcy resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or from the decision of any court interpreting the same. Guarantor further agrees to be bound by each and every obligation of Franchisee under the Franchise Agreement and each Related Agreement, with

the same force and effect as if Guarantor were designated in and had executed the Franchise Agreement and each Related Agreement as Franchisee thereunder.

This Guaranty Agreement is a primary guaranty of payment and performance and shall not be subject to any counterclaim, set-off, deduction or defense. No failure or delay on the part of Franchisor or any Affiliate in exercising any right or remedy under the Franchise Agreement, any Related Agreement and/or this Guaranty Agreement shall operate as a waiver thereof nor shall a single or partial exercise of any right or remedy preclude any other or further exercise thereof, and all rights and remedies of Franchisor and each Affiliate hereunder and under the Franchise Agreement and each Related Agreement shall be cumulative. Until all Franchisee's obligations under the Franchisee Agreement and each Related Agreement are fully performed, Guarantor waives any rights that it may have against Franchise or any Affiliate by reason of Guarantor's compliance with the Guaranty Agreement, and subordinates any liability or indebtedness of Franchisee held by Guarantor to the obligations of Franchisee to Franchisor and each Affiliate under the Franchise Agreement and each Related Agreement.

If Guarantor consists of more than one person and/or entity, (a) this Guaranty Agreement shall be binding on all of them jointly and severally, and (b) notice to or from any of them will constitute notice to or from each of them.

Any notice or other communication to Franchisor may be addressed to Monical Pizza Corporation, 530 N. Kinzie, Bradley, Illinois, 60915, Attention: President, or such other address as may be designated by Franchisor by registered or certified mail, return receipt requested, and the time of rendition of such notice or other communication shall be when it is deposited in an official United States Mail receptacle, postage prepaid.

This Guaranty Agreement, which is to be governed by and construed in accordance with the laws of the State of Illinois, shall also bind Guarantor's legal or personal representatives, heirs, successors and assigns (as the case may be) and inure to the benefit of Franchisor and its Affiliates and their successors and assigns and any other person or entity at any time having the rights of Franchisor or any Affiliate under the Franchise Agreement and each Related Agreement.

Guarantor will forthwith pay to Franchisor and/or an Affiliate, as applicable, all attorney's fees and disbursements incurred by Franchisor and/or an Affiliate, as applicable, in connection with any breach or default by Franchisee under the Franchise Agreement or any Related Agreement and/or the enforcement of this Guaranty Agreement, in each instance whether or not suit is brought (and if suit is brought, through appeals and collection efforts).

Any sums not paid to Franchisor or any Affiliate when due hereunder will bear interest at the rate of 18% per annum, from the due date until full payment is received by Franchisor or such Affiliate.

As a further inducement to Franchisor to make and enter into the Franchise Agreement and in consideration thereof, Guarantor agrees that in any action or proceeding brought on, under or by virtue by this Guaranty Agreement, Guarantor shall and does hereby waive trial by jury and the benefit of any statute of limitations defense, and Guarantor agrees that the applicable courts of Illinois may have jurisdiction over Guarantor upon appropriate service on Guarantor anywhere in the United States in a manner in accordance with the laws of Illinois. Without limiting the foregoing, Guarantor hereby irrevocably appoints Franchisee as Guarantor's agent for service of process related to this Guaranty Agreement.

The Guaranty Agreement contains the entire agreement between the parties with respect to the matters covered hereby, and Guarantor acknowledges that no agent, representative, salesman or officer of Franchisor or any Affiliate has authority to make or has made any statement, agreement or representation, either oral or written, in connection herewith, modifying, adding to or changing the terms and conditions herein set forth. No customs or

dealings between the parties shall be permitted to contradict or modify the terms hereof. This Guaranty Agreement shall not be construed more strictly against one party merely by reason of such party's preparation hereof. If any provision of this Guaranty Agreement shall be held to be invalid or unenforceable, to the maximum extent possible the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall continue in full force and affect. Neither this Guaranty Agreement nor any of its provisions can be waived, modified or terminated orally, but only by a written instrument duly executed by or on behalf of the party against whom enforcement of any waiver, modification or termination is sought.

Guarantor fully and expressly intends that the foregoing requirements as to a writing be strictly adhered to and strictly interpreted and enforced by any court which may be asked to consider the matter. This Guaranty shall be effective for the full term of the Franchise Agreement and each Related Agreement, including any extensions or renewals thereof.

GUARANTOR:

_____

_____
Driver's License #

Notice Address: _____

_____

Witnessed By:

X_____

Print Name:_____

Address:_____

_____

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM

THIS LEASE ADDENDUM (the "Addendum") is made and entered into this _____ day of _____, _____ by and between _____, hereinafter referred to as "Landlord," and _____ hereinafter referred to as "Tenant," and modifies that certain lease (the "Lease") of even date herewith.

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to a Lease dated _____ concerning real estate commonly known as _____ as more fully described in the Lease (the "Premises").

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, the sufficient of which is hereby acknowledged, the parties agree as follows:

1. Landlord agrees that MONICAL PIZZA CORPORATION, or a Franchisee of MONICAL PIZZA CORPORATION selected by MONICAL PIZZA CORPORATION, shall have the right to receive an assignment of this Lease upon the transfer, termination or expiration of the Franchise Agreement between MONICAL PIZZA CORPORATION and Tenant. Upon such transfer, termination or expiration of said Franchise Agreement, Landlord shall promptly execute an acknowledgment of and consent to the assignment of the Lease. Any such assignment shall be acknowledged without payment of any assignment fee or similar charge and without a requirement for the payment of an additional security deposit or any increase in rent or other fees. Landlord agrees that, before the effective date of any assignment of the lease to MONICAL PIZZA CORPORATION or its designee, Tenant shall be solely responsible for all obligations, debts and payments under the lease. Tenant shall not be entitled to a return of its security deposit;

2. Landlord shall provide MONICAL PIZZA CORPORATION, its Franchisee, or its agents, employees or contractors, full access to the Premises upon the expiration or termination of either the Lease or Franchise Agreement, for a period of fifteen days to de-identify and remove from the Premises any trademarked property, proprietary software, equipment, and any and all furniture and fixtures installed by the Tenant or installed in connection with the Lease. MONICAL PIZZA CORPORATION, or an approved franchisee for the Premises, shall have the right, but not the obligation to repaint any portion of the interior of the Premises. Landlord acknowledges that MONICAL PIZZA CORPORATION has a prior right, title and interest in and to any such trademarked property, proprietary software, equipment, and furniture and fixtures, notwithstanding any agreement between the Landlord and any lender of the Landlord with respect thereto.

3. Landlord shall provide any written Notice of Default of Tenant to MONICAL PIZZA CORPORATION simultaneously with the delivery thereof to Tenant. Such notice shall be delivered to MONICAL PIZZA CORPORATION in writing by overnight delivery by FedEx or other nationally recognized overnight courier. Landlord and Tenant hereby acknowledge and agree that MONICAL PIZZA CORPORATION shall have the right for fifteen (15) days after the expiration of the period given to Tenant to cure any deficiency under the Lease, to cure such deficiency if Tenant should fail to do so. In no event is MONICAL PIZZA CORPORATION obligated to cure such deficiency. All notices shall be sent to: MONICAL PIZZA CORPORATION, Attn: Janelle Reents, President, 530 N. Kinzie, Bradley, IL 60915.

4. Landlord grants Tenant and any successor franchisee of MONICAL PIZZA CORPORATION the right to display the registered trademark Monical Pizza's standard signage package on the Premises, subject only to the provisions of governing local sign and zoning ordinances.

5. Tenant expressly authorizes Landlord to provide MONICAL PIZZA CORPORATION all sales and other information Landlord may have obtained or received relating to the operation of the Franchised Restaurant at the Premises, as MONICAL PIZZA CORPORATION may request

6. The parties agree that the Premises shall be used only for the operation of a Monical Pizza Restaurant during the entire initial term, and any extension(s), of the Lease.

7. Landlord shall provide MONICAL PIZZA CORPORATION a copy of all proposed lease amendments and assignments and related documents at the same time Landlord provides them to Tenant, and a copy of all letters and notices Landlord sends to Tenant relating to the Lease or the Premises;

8. Landlord shall not amend or otherwise modify the Lease in any manner that would affect any of the foregoing provisions set forth above without MONICAL PIZZA CORPORATION'S prior written consent.

This Addendum amends the Lease between the parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged.

DATED this _____ day of _____, _____.

LANDLORD:	TENANT:
_____	_____
Signature	Signature
Name:_____	Name:_____
Title:_____	Title:_____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISE OPERATING ENTITY; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Officers and Directors:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

EXHIBIT 6 TO THE FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

ADDENDUM TO THE FRANCHISE AGREEMENT
MONICAL PIZZA CORPORATION

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20__, between Monical Pizza Corporation and _____.

1. New Section 17.6 is inserted into the Franchise Agreement and states as follows:

> If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fee payments for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have including attorneys' fees and costs.

2. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- The California Franchise Relations Act provides rights to the Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4.2 and 16.2.
- Section 16.2.1.11, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 17.2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- 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 a state other than California. This provision might not be enforceable under California law.
- This Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- Section 23.7 requires binding arbitration. The arbitration shall occur at the forum indicated in Section 23.7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside of the State of California.

3. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF CONNECTICUT

This Addendum to the Franchise Agreement is agreed to this __ day of _____, 20__, between Monical Pizza Corporation and _____ ("Franchisee") to amend and revise said Franchise Agreement as follows:

1. The "Training and Assistance" Section is amended by the addition of the following language to the original language that appears therein:

- "The required training shall commence no more than sixty (60) days after execution of this Agreement."

2. The "Confidential Operations Manual" Section is amended by the addition of the following language to the original language that appears therein:

- "Franchisor shall provide the Confidential Operating Manual to the Franchisee no later than thirty (30) days after execution of this Agreement."

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Connecticut Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 4.2, 16.2 and 18.2 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law shall control.

- Sections 4.2.9, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer of the franchise and Sections 5.2, 5.5 and 8.3 require Franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

- Section 16.2.1.11, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____
_____.

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- Sections 4.2.9, 8.3 and 18.2 are amended to add:

  No general release shall be required as a condition of renewal, termination and/or transfer that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

- Sections 16.2, 17 and 23 are amended to add:

  The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

- Sections 23.1 and 23.2 shall be amended to add:

  The Franchise Agreement is governed by Illinois law. Jurisdiction and venue for court litigations shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

- Section 23.4 is amended to add:

  No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

- Section 23.6 is deleted in its entirety.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. IF THE FRANCHISOR DECIDES TO MAKE CHANGES TO ITS SYSTEM (SUCH AS NEW EQUIPMENT, FIXTURES, SOFTWARE AND/OR TRADEMARKS), YOU MAY BE REQUIRED TO SPEND UP TO $50,000 DURING THE 5-YEAR TERM OF YOUR FRANCHISE AGREEMENT (AS WELL AS EACH 5-YEAR RENEWAL TERM) TO BRING YOUR RESTAURANT INTO COMPLIANCE.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- Sections 4.2.9, 8.3 and 18.2.3 do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

- Section 16 is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

- Section 17.2 is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.

- Section 21.3 is amended to provide that Franchisee shall not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Section 23.1 is amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law shall prevail.

- Section 23.2 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.

- Section 23.7 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- Sections 4.2.9, 8.3 and 18.2.3 require Franchisee to sign a general release as a condition of renewal or transfer of the franchise and Sections 5.2, 5.5 and 8.3 require Franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

- Section 16.2.1.11, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- Section 23.1 requires that the franchise be governed by the laws of the State of Illinois; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

- Sections 23.2 and 23.7 require litigation or arbitration to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the 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.

- Section 23.4 is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

2. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations 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.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- Sections 4 and 16 are amended to add that with respect to franchises governed by Minnesota Law, Franchisor shall comply with the Minnesota Franchise Law that requires, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

- Sections 4.2.9, 5.2, 5.5, 8.3, 18.2.3 and 18.2.6 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- Section 6 is amended to add that as required by Minnesota Franchise Act, Franchisor shall reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as you were using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

- Section 23.4 is amended to state that any claim concerning the Franchised Restaurant or this Agreement or any related agreement shall be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

- Section 23.5 is deleted in its entirety.

- Section 23.6 is deleted in its entirety.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- Sections 4.2.9, 5.2, 5.5, 8.3, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal, transfer, or receiving a refund of a portion of the Franchise Fee following termination of the franchise; such release shall exclude claims arising under the General Business Laws.

- Under Section 18.1, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

- Section 21.3 is amended to provide that Franchisee shall not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Section 23.1 requires that the franchise be governed by the laws of the state the Franchisor's principal business is then located, such a requirement shall not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

- Under Sections 4.2.9, 5.2, 5.5, 8.3, 18.2.3 and 18.2.6, the execution of a general release upon renewal, transfer, or as a condition of receipt of a refund of a portion of the Franchise Fee following termination, shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.

- Section 7 is amended to add that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

- Sections 17.1.6 and 17.1.7 are amended to state:

  If Franchisor or Franchisee is required to enforce this Agreement via judicial or arbitration proceedings, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees in connection with such proceeding.

- Section 17.2 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

- Section 23.1 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.

- Section 23.2 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.

- Section 23.4 is amended to state that the statute of limitations under North Dakota Law shall apply.

- Sections 23.5 and 23.6 are deleted in their entireties.

- Section 23.7 is amended to state that arbitration involving a franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator shall determine the location.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- Sections 4.2.9, 5.2, 5.5, 8.3, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal, transfer, or receipt of a refund of a portion of the Franchise Fee following termination of the franchise; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.

- Sections 23.1, 23.2 and 23.7 are amended to state that restricting jurisdiction or venue to a forum outside the state of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee:_____
By: _____	By: _____
Title: _____	Title: _____

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____ to amend and revise said Franchise Agreement as follows:

- Section 16.2.1.11, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Franchise Agreement for Monical Pizza Corporation is amended as follows:

- The Washington Franchise Investment Protection Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.

- Under Sections 4.2.9, 5.2, 5.5, 8.3, 18.2.3 and 18.2.6, Franchisee is required to sign a general release as a condition of renewal, transfer, or receipt of a refund of a portion of the Franchise Fee following termination of the franchise; such release shall exclude claims arising under the Washington Franchise Investment Protection Act.

- Section 23.1 requires that the franchise be governed by the laws of the State of Illinois; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

- Sections 23.2 and 23.7 require litigation or arbitration to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

- Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between Monical Pizza Corporation and _____ to amend and revise said Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

EXHIBIT 7 TO THE FRANCHISE AGREEMENT

E-MAIL MARKETING AGREEMENT

E-MAIL MARKETING AGREEMENT

This Agreement made and entered into this _____ day of _____, 20__ between MONICAL PIZZA CORPORATION, an Illinois corporation (hereinafter referred to as "Monical's") and _____ (hereinafter referred to as "Franchisee").

WHEREAS, Monical's and Franchisee entered into a Franchise Agreement dated the_____, pursuant to which Franchisee is operating a Monical Pizza Restaurant at the following address:_____; and

WHEREAS, pursuant to the Franchise Agreement, Franchisee was given an Area of Primary Responsibility as set forth in said Franchise Agreement; and

WHEREAS, Pursuant to Section 2.7 of the Franchise Agreement states, Franchisee shall not directly market to or solicit customers whose principal residence (or principal business office, if the customer is a business entity) is outside Franchisee's Area of Primary Responsibility. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the area of primary responsibility of another franchisee. Franchisee may engage in e-mail marketing using the internet in connection with Franchisee's franchised restaurant for the purpose of collecting e-mail addresses from guests of Franchisee's restaurants only if Franchisee signs this agreement in the form of Exhibit 6 to the Franchise Agreement and complies with provisions of this agreement. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other Monical's Restaurants, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

WHEREAS, with the growth of electronic commerce, internet advertising and e-mail solicitations have become attractive methods of promoting the restaurant business of Monical's and the Franchisee and other franchisees of Monical's; and

WHEREAS, Franchisee desires to engage in e-mail marketing and as long as Monical's can obtain the prior approval of all franchisees, Monical's is willing to approve the use of such efforts upon the conditions set forth hereinafter.

WHEREAS, The parties desire to address data collection and promotional distribution of materials for use in e-mail marketing campaigns.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, the parties agree as follows:

1. This Agreement relates only to e-mail marketing campaigns and does not address or pertain to internet advertising, electronic advertising or other electronic commerce, including but not limited to text messaging, social networking sites or business location listings services.

2. Monical's hereby grants its consent so that Franchisee may market using, the internet in connection with e-mail marketing of the franchised restaurant. Franchisee shall submit to Monical's, for its prior approval, all advertising and promotional materials to be used by Franchisee in its e-mail marketing efforts. Monical's shall use reasonable efforts to provide notice of approval or disapproval within ten (10) days from the date all such materials are received by Monical's. If Monical's does not approve submitted materials within ten (10) working days, such materials shall be deemed to have not received the required approval.

3. All of Franchisee's activities as set forth in Section 2 shall be required to follow Monical's intranet and internet usage rules, policies and requirements as may be promulgated by Monical's from time to time. Franchisee's activities shall also be required to follow any other reasonable restrictions imposed by Monical's.

4. Franchisee may only use e-mail addresses obtained from guests of its restaurants or persons in their protected territory who have registered with Monical's for the Monical Dippin' Club or any successor to the Monical Dippin' Club for use in future e-mail marketing activities. "Guests of its restaurants" shall include those guests who are physically present in the restaurant and those persons who provide an e-mail address in the course of placing telephone orders or orders utilizing the internet.

5. In consideration of Monical's permitting Franchisee to engage in e-mail marketing as set forth above, Franchisee agrees that it will not take legal action against Monical's or any other franchisees of Monical's based on a claim that Monical's or another franchisee has engaged in e-mail marketing promulgation of Monical's approved advertising and promotional materials in Franchisee's protected territory or Franchisee's Area of Primary Responsibility.

6. Franchisee further agrees to indemnify and hold Monical's harmless from any and all claims, obligations or liabilities to any other franchisee by reason of any activities of Franchisee permitted pursuant to the terms of this Agreement. Should any such claim be brought, Monical's may either defend itself or at Monical's direction, Franchisee shall defend such claim on Monical's behalf. In either event, such defense shall be at the sole cost and expense of Franchisee.

7. Breach by Franchisee of the provisions of this Agreement, including but not limited to, the provisions of paragraph 4 above, shall constitute a default under the terms of the Franchise Agreement between Franchisee and Monical's.

IN WITNESS WHEREOF, the parties appeared to set their hands and seals the date and year first above written.

MONICAL PIZZA CORPORATION

By: _____
Janelle L. Reents
President

FRANCHISEE:
By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

MONICAL PIZZA CORPORATION

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AREA DEVELOPMENT AGREEMENT

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EXHIBITS

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B. UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS
C. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN DEVELOPER; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES
D. MULTI-STATE ADDENDA

MONICAL PIZZA CORPORATION

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this ____ day of _____, 20___ and is by and between Monical Pizza Corporation, an Illinois corporation, having its principal place of business at 530 N. Kinzie, Bradley, Illinois 60915 ("Franchisor"), and _____ _____ ("Developer").

W I T N E S S E T H :

WHEREAS, Franchisor and Developer are concurrently entering into the Initial Franchise Agreement; and

WHEREAS, Developer desires to, and has applied for the right to, develop additional Monical's Restaurants* and has applied for such a right, and Franchisor has approved Developer's application in reliance upon all of the representations made herein and therein.

NOW, THEREFORE, Franchisor and Developer, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Development Agreement, the following words and terms have the following meanings:

"Developer" means the individual or entity defined as "Developer" in the introductory paragraph of this Development Agreement;

"Development Agreement" means this Development Agreement and all exhibits, attachments and amendments hereto;

"Development Fee" has the meaning given to such term in Section 3.2;

"Development Rights" means the rights granted to Developer pursuant to this Development Agreement to establish and operate Monical's Restaurants in the Development Territory;

"Development Schedule" means the schedule attached as Exhibit A setting forth the number and the Opening Dates of Monical's Restaurants to be established pursuant to this Development Agreement;

"Development Territory" has the meaning given to such term in Section 2.1;

"Franchise Agreement" means the then-currently used form of the Monical Pizza Corporation Franchise Agreement that Franchisor is offering to new Developers;

"Initial Franchise Agreement" means that certain Monical Pizza Corporation Franchise Agreement between Developer and Franchisor whereby Developer is granted the right to establish and operate its first Monical's Restaurant; and

* Capitalized terms not defined in Section 1 or in the text of this Development Agreement are defined in the Initial Franchise Agreement.

"Opening Date" means any date by which Developer is required to begin operations for each Monical's Restaurant, as listed in the Development Schedule.

2. DEVELOPMENT RIGHTS

2.1 Grant of Development Rights

Franchisor hereby grants to Developer, and Developer undertakes and accepts, upon the terms and conditions of this Development Agreement, the Development Rights to establish and operate not less than _____ (__) Monical's Restaurants at sites located within a defined geographic area ("Development Territory"). The Development Territory shall be defined by and exist within the following zip codes or other physical, political or natural boundaries:

_____
_____
_____
_____
_____
_____
_____
_____

2.2 Retained Rights

Franchisor shall not, so long as this Development Agreement is in force and effect and Developer is not in default under any of the terms hereof or of any Franchise Agreement for any Monical's Restaurant, establish, own or operate, or license others to establish, own or operate, any Monical's Restaurant within the Development Territory other than to Developer pursuant to this Development Agreement; provided, however, Franchisor and its Affiliates retain the right:

2.2.1 to continue to own and operate, and allow others to continue to own and operate, Monical's Restaurants existing inside of the Development Territory as of the date of this Development Agreement;

2.2.2 to establish, or grant to others the right to establish, Monical's Restaurants outside of the Development Territory;

2.2.3 to establish and operate, and license others to establish and operate, businesses under other systems using other proprietary marks, both within and outside the Development Territory;

2.2.4 to purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to Monical's Restaurants (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Development Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.2.4.1 to offer to sell any such businesses to Developer or to any third party at the business's fair market value to be operated as an Monical's Restaurant; or

2.2.4.2 to offer Developer the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.2.5 to be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Development Territory; and

2.2.6 to engage in any activities not expressly forbidden by this Development Agreement.

3. DEVELOPMENT FEE AND FRANCHISE FEES

3.1 Franchise Fees

Simultaneously, with the execution of this Development Agreement, Developer shall execute the Initial Franchise Agreement and shall pay a Franchise Fee of THIRTY THOUSAND DOLLARS ($30,000.00) for the first Monical's Restaurant to be developed pursuant to this Development Agreement. Developer shall execute Franchise Agreements for the additional Monical's Restaurants to be developed on a periodic basis, and shall pay a Franchise Fee of THIRTY THOUSAND DOLLARS ($30,000.00) for each additional Monical's Restaurant upon execution of each additional Franchise Agreement.

3.2 Development Fee

Upon the execution of this Development Agreement, Developer shall pay a fee ("Development Fee") equal to FIFTEEN THOUSAND DOLLARS ($15,000.00) multiplied by the number of Monical's Restaurants to be developed after the first Monical's Restaurant pursuant to this Development Agreement. The total amount of the Development Fee to be paid by Developer upon the execution of this Development Agreement is _____ THOUSAND DOLLARS ($_____). The Development Fee is fully earned by Franchisor and is nonrefundable; provided, however, that Franchisor shall credit FIFTEEN THOUSAND DOLLARS ($15,000.00) of the Development Fee against the Franchise Fee for the second (2nd) and each subsequent Monical's Restaurant opened pursuant to, and in accordance with, this Development Agreement, such that the balance due on the Franchise Fee for any Monical's Restaurant included in the calculation of the Development Fee shall be FIFTEEN THOUSAND DOLLARS ($15,000.00), until such credits equal the Development Fee. In no event shall Franchisor issue an aggregate amount of credit greater than the amount of the Development Fee.

4. DEVELOPMENT OF FRANCHISED RESTAURANT

4.1 Minimum Development Obligation

Developer shall strictly follow the Development Schedule set forth in Exhibit A. Time is of the essence. By the dates set forth within the Development Schedule, Developer shall establish and operate Monical's Restaurants in the number indicated in the Development Schedule. Developer shall at all times continuously maintain in operation, pursuant to each Franchise Agreement, at least the number of Monical's Restaurants required to be operational at such time as set forth in the Development Schedule; provided, however, that such obligation does not apply to Monical's Restaurants that are closed pursuant to Section 22.10.

4.2 Developer May Exceed Minimum Development Obligation

During the term of this Development Agreement, Developer may, subject to the terms and conditions of this Development Agreement, develop and operate more Monical's Restaurants in the Development Territory than required by this Development Agreement; provided, however, that Developer shall give Franchisor reasonable assurances that Developer has the required skill, financial resources and managerial skills to perform its duties under this Development Agreement and each Franchise Agreement. Developer shall pay the full Franchise Fee for each additional Monical's Restaurant developed in excess of the requirements of this Development Agreement, and Franchisor shall not credit any part of the Development Fee against the Franchise Fee for any additional Monical's Restaurant.

4.3 Exercise of Development Rights

Developer shall submit a separate application and enter into a separate Franchise Agreement for each additional Monical's Restaurant established pursuant to this Development Agreement. Upon approval of the site by Franchisor, as provided in Section 5.1 of the Franchise Agreement, Franchisor shall deliver two (2) copies of the Franchise Agreement along with a copy of its then-current Disclosure Document. Immediately upon receipt of the Disclosure Document, Developer shall return to Franchisor a signed copy of the acknowledgment of Receipt of the Disclosure Document. After any applicable waiting periods have expired, Developer shall execute and deliver to Franchisor two (2) copies of the Franchise Agreement and shall pay the Franchise Fee, less any applicable credit as provided in Section 3.1.

4.4 Conditions Precedent to Franchisor's Obligation

Franchisor shall not execute the Franchise Agreement if: (a) Developer is not in compliance with all, or is in default of any, of its obligations under this Development Agreement or any other agreement between Franchisor and Developer; or (b) in the case of each then existing Franchise Agreement, Developer, as Franchisee, is not in compliance with all, or is in default of any, of its obligations under any Franchise Agreement. Franchisor and Developer shall execute the Franchise Agreement for each additional Monical's Restaurant before the date stated in the Development Schedule that such Monical's Restaurant must be established and operating.

4.5 No Subfranchising by Developer

Developer has no right under this Development Agreement to sublicense, subfranchise, resell, or otherwise transfer any interest in any Franchised Restaurant.

4.6 Management Obligations

Each Monical's Restaurant developed pursuant to this Agreement must always be under the direct full-time supervision of Developer. Developer's Designated Managers must devote their full-time efforts (at least 35 hours per week) to the management of the day-to-day operation of the Monical's Restaurants developed pursuant to this Development Agreement.

5. TERM AND RIGHT OF FIRST REFUSAL

5.1 Term

Unless sooner terminated in accordance with the terms of this Development Agreement, the term of this Development Agreement and all Development Rights granted hereunder to Developer shall expire on the last Opening Date as set forth in the Development Schedule. At the end of the term of this Development Agreement, the exclusive Development Rights with respect to the Development Territory will automatically terminate, and Developer shall have no right to renew or extend the term of this Development Agreement.

5.2 Developer's Right of Refusal

Following the expiration of this Development Agreement, Franchisor shall have the right to re-evaluate the prospects for the establishment of Monical's Restaurants in the Development Territory, and Franchisor may determine that the Development Territory can be further developed by opening additional Monical's Restaurants in the Development Territory without having an unreasonably adverse effect on the Monical's Restaurants already existing within the Development Territory. During a one (1) year period beginning on the day after the Development Agreement expires, if Franchisor elects to further develop the Development Territory, Developer shall have the right to establish, own and operate any additional Monical's Restaurant Franchisor proposes to locate within the Development Territory, if Developer meets all other terms and conditions stated in this Development Agreement. Franchisor shall give Developer written notice of its proposal to develop additional Monical's Restaurants within the Development Territory and Developer shall have thirty (30) days to accept in writing Franchisor's proposal to own and operate such additional Monical's Restaurants. Developer's ownership and operation of such additional Monical's Restaurants shall be subject to the terms and conditions set forth in Franchisor's written proposal, which may vary in form and substance from the terms, conditions and economics set forth in this Development Agreement. If Developer fails to accept in writing Franchisor's written proposal within such thirty (30) day period (or if Developer fails to comply with the terms of the proposal), then Franchisor shall have the right to establish, own and operate, or license others to establish, own and operate, Monical's Restaurants in the Development Territory.

6. MARKS AND CONFIDENTIAL INFORMATION

6.1 No License Under Development Agreement

Notwithstanding any provision to the contrary under this Development Agreement, this Development Agreement does not grant Developer any right to use the Marks. The right to use the Marks may only be granted by the terms of a Franchise Agreement. Developer shall not use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms designs, or symbols, or in any modifying words, terms designs or symbols, or in any modified form, nor may Developer use any Mark in connection with any business or activity other than the business conducted by Developer pursuant to a Franchise Agreements or in any other manner not explicitly authorized in writing by Franchisor.

6.2 Confidential Information

Except as hereinafter provided, Developer shall not, during the term of this Development Agreement or at any time thereafter, communicate, divulge or use for the benefit of any other person or entity, any Trade Secrets or other Confidential Information which may be communicated to Developer or of which Developer may learn by virtue of Developer's activities under this Development Agreement. Developer may divulge Trade Secrets and other Confidential Information only to such of its employees as deemed necessary by Developer. At Franchisor's request, Developer shall require its employees and any other person to whom Developer wishes to disclose any Trade Secrets or other Confidential Information to execute a nondisclosure agreement in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Initial Franchise Agreement ("Nondisclosure and Non-Competition Agreement").

7. TRANSFERABILITY OF INTEREST

7.1 By Franchisor

This Development Agreement and all rights hereunder may be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall have no liability for the performance of any obligations contained in this Development Agreement after the effective date of such transfer or assignment.

7.2 By Developer

7.2.1 The Development Rights set forth in this Development Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer. Developer has represented, and hereby represents, that it is entering into this Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder.

7.2.2 Developer, without Franchisor's prior written consent, by operation of law or otherwise, shall not sell, assign, transfer, convey, give away or encumber any part of its interest in this Development Agreement, its interest in the Development Rights granted hereby or its interest in any entity that owns any interest in such rights, and shall not offer, permit or suffer the same to be sold, assigned, transferred, conveyed, given away or encumbered in any way. Developer shall not, without the prior written consent of Franchisor, fractionalize any of the Development Rights granted pursuant to this Development Agreement. Any purported sale, assignment, transfer, conveyance, gift or encumbrance of any of Developer's rights herein not having Franchisor's express consent shall be null and void and shall constitute a material default of this Development Agreement.

7.2.3 So long as Developer is in full compliance with this Development Agreement, and should Franchisor not elect to exercise its right of refusal as provided in Section 7.5, Franchisor shall not unreasonably withhold its approval of an assignment or transfer to proposed assignees or transferees if:

7.2.3.1 Developer has complied with the requirements of Section 7.5;

7.2.3.2 all obligations owed to Franchisor by Developer are fully paid and satisfied;

7.2.3.3 Developer (and any transferring owners, if Developer is a business entity) has executed a General Release in a form satisfactory to Franchisor and substantially similar to the General Release attached to the Franchise Agreement ("General Release"), releasing any and all claims against Franchisor, including its equity owners, officers, directors and employees, in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Development Agreement or to the transfer of Developer's interest herein or to the transfer of Developer's ownership of all or any part of the Development Rights; provided, however, that if a General Release is prohibited, Developer shall give the maximum release allowed by law;

7.2.3.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate its ability to carry out the obligations contained herein and in the Franchise Agreement;

7.2.3.5 the transferee has executed a General Release releasing any and all claims against Franchisor and its equity owners, officers, directors and employees, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Developer;

7.2.3.6 Developer has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Developer and the prospective transferee relating to the intended sale or transfer of the Development Rights;

7.2.3.7 Developer, or the transferee, has paid to Franchisor a transfer fee in the amount of TEN THOUSAND DOLLARS ($10,000.00);

7.2.3.8 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Development Agreement for the remainder of its term;

7.2.3.9 the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied; and

7.2.3.10 Developer has, and if Developer is an entity, all of the holders of a legal and beneficial interest in Developer have, executed and delivered to Franchisor a Nondisclosure and Non-Competition Agreement.

7.3 Transfer by Death or Incapacity

Upon the death or incapacity (as determined by a court of competent jurisdiction) of Developer or any holder of a legal or beneficial interest in Developer, if Developer is an entity, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest herein or transfer such individual's ownership of all or any part of the Development Rights to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Development Agreement, unless prohibited by the laws of the state where such individual resided, provided that the foregoing provision regarding governing law shall be applicable only for this Section 7.3.

7.4 Public or Private Offerings

If Developer desires to make either a public or a private offering of its securities, prior to such offering and sale and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval shall not be unreasonably withheld. Developer shall secure Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor may Developer proceed to file, publish, issue and release and make public any data, material or information regarding its securities offering. Any review by Franchisor is solely for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor or related corporations or persons have any interest in or relationship whatsoever to the proposed offering other than acting as Franchisor. Developer shall indemnify and hold harmless Franchisor and its subsidiaries, and their owners, directors, officers, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

7.5 Franchisor's Right of First Refusal

If Developer or its owners shall at any time determine to sell, assign, transfer, convey, give away or encumber the Development Rights under this Development Agreement or any of their respective ownership interests in Developer, or any of Developer's assets (except in the ordinary course of business), Developer or its owners shall obtain a *bona fide*, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to Franchisor, and Franchisor shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, exercisable by written notice to Developer, to purchase such interests for the price and on the terms and conditions contained in such offer; provided, however, that Franchisor may substitute cash for any form of payment proposed in such offer and that Franchisor shall have not less than sixty (60) days from the date of delivery of its written notice of intent to purchase to complete such purchase. Franchisor's credit shall be deemed at least equal to the credit of said purchaser. If Franchisor does not exercise this right of first refusal, Developer may complete the sale of such interest, subject to Section 7.2. If such sale, assignment, transfer, conveyance, gift or encumbrance is not completed within one hundred and twenty (120) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal provided herein.

8. DEFAULT AND TERMINATION

8.1 Termination Without Opportunity to Cure

Franchisor has the right to immediately terminate this Development Agreement by delivering a notice to Developer stating that Franchisor elects to terminate this Development Agreement as a result of any of the breaches set forth below:

8.1.1 Developer makes or attempts to make an unauthorized sale, assignment, transfer, conveyance, gift or encumbrance of any part of its interest in this Development Agreement or an ownership interest in Developer;

8.1.2 Developer has made any material misrepresentation or omission in its application for the Development Rights conferred by this Development Agreement;

8.1.3 Developer is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks;

8.1.4 Developer makes any unauthorized use of the Marks or unauthorized use or disclosure of the Confidential Information;

8.1.5 Franchisor has delivered a notice of termination for a Franchise Agreement between Franchisor and Developer in accordance with its terms and conditions, or Developer has terminated a Franchise Agreement without cause;

8.1.6 Developer fails to meet or satisfy any timing requirement or deadline contained in the Development Schedule; or

8.1.7 Developer fails to comply with any other provision of the Development Agreement and does not correct within thirty (30) days after written notice from Franchisor.

8.2 Termination With Opportunity to Cure

If Developer fails to comply with any other provision of this Development Agreement, Franchisor may terminate this Development Agreement by delivering notice of termination to Developer stating the reason for termination, provided that Developer shall have the right to cure a breach within thirty (30) days after delivery of Franchisor's notice of termination.

9. RIGHTS AND DUTIES ON TERMINATION OR EXPIRATION

9.1 Loss of Development Rights

Upon termination of this Development Agreement, the Development Rights granted to Developer under this Development Agreement shall automatically terminate. Developer shall have no additional rights to establish or operate any Monical's Restaurant for which a Franchise Agreement has not been executed by Franchisor and Developer. No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties, except to the extent that any default under this Development Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by the Developer thereunder and shall control in determining whether any default exists under such Franchise Agreement.

Upon termination of an of Developer's Franchise Agreements, Developer's further rights under this Development Agreement shall also be terminated.

9.2 Amounts Owed to Franchisor

Developer shall immediately pay to Franchisor upon termination or expiration of the Development Agreement any amounts owed by Developer to Franchisor that are then unpaid, plus any interest due.

9.3 Confidential Information

Upon termination or expiration of this Development Agreement, Developer and all of its employees, agents or other representatives shall immediately sign a confidentiality agreement, and will cease to use and maintain the absolute confidentiality of any Trade Secrets and other Confidential Information disclosed or

otherwise learned or acquired by Developer and shall not use such Trade Secrets and other Confidential Information in any other business or venture.

9.4 Covenant Not to Compete

During the term and after the termination of this Development Agreement, Developer and any owner of a five percent (5%) or greater interest in Developer shall be subject to all of the restrictive covenants set forth in Sections 7.3, 7.4 and 17.2 of the Initial Franchise Agreement, which covenants by this reference are incorporated herein.

9.5 Continuing Obligations

All obligations of Franchisor and Developer under this Development Agreement that expressly or by their nature survive the expiration or termination of this Development Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Development Agreement and until they are satisfied in full or by their nature expire.

10. BENEFICIAL OWNERS OF DEVELOPER

Developer represents, and Franchisor enters into this Development Agreement in reliance upon such representation, that the individuals identified in Exhibit C as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Developer.

11. RELATIONSHIP AND INDEMNIFICATION

11.1 Relationship

This Development Agreement is purely a contractual relationship between the parties and does not appoint or make Developer an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Developer may not represent or imply to third parties that Developer is an agent of Franchisor, and Developer is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, expressed or implied, on Franchisor's behalf. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Developer. In no event shall this Development Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Developer. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the development of any Monical's Restaurant pursuant to this Development Agreement. Any third party contractors and vendors retained by Developer for remodeling or construction are independent contractors of Developer alone.

11.2 Standard of Care

This Development Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Development Agreement with respect to certain issues, whenever this Development Agreement requires Developer to obtain Franchisor's written consent or permits Franchisor to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Developer or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

11.3 Indemnification

Developer shall hold harmless and indemnify Franchisor, its Affiliates, all holders of a legal or beneficial interest in Franchisor and its Affiliates, and all of Franchisor's and its Affiliates' officers, directors, executives, managers, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arise from, are based upon or are related to Developer's (a) development, ownership or operation of any Monical's Restaurant; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Development Agreement or any other agreement between Developer and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors or omissions by Developer or any of its officers, directors, employees or agents, committed or incurred in connection with the development of Monical's Restaurants, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. Franchisor shall have the right to independently take any action it may deem to be necessary in its sole discretion to protect and defend itself against any threatened action, and shall have the right to indemnification hereunder, without regard to expense, forum or other parties that may be involved.

12. GENERAL CONDITIONS AND PROVISIONS

12.1 Superiority of Franchise Agreement

For each Monical's Restaurant developed by Developer in the Development Territory, a separate Franchise Agreement shall be executed and any individual franchise fee as prescribed by Franchisor shall be paid to Franchisor. Developer acknowledges that any and all Franchise Agreements executed in connection with an individual Monical's Restaurant within the Development Territory are independent of this Development Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Development Agreement. If any conflict shall arise in connection with this Development Agreement and any such Franchise Agreement, the latter shall have precedence and superiority over the former.

12.2 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Development Agreement. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any breach by Developer of any terms, covenants or conditions of this Development Agreement.

12.3 Injunctive Relief

Developer acknowledges that any breach by Developer of any of the restrictions contained in Sections 6.1, 6.2, 7.4, 9.3 or 9.4 would result in irreparable injury to Franchisor, and that the damages arising out of any such breach would be difficult to ascertain, therefore, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to all equitable remedies, including injunctive relief without requirement to post bond, with respect to any such breach, whether actual or contemplated, and Developer specifically waives any and all defenses to injunctive relief.

12.4 Notices

All notices required or permitted under this Development Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system when accompanied by system-generated confirmation of successful transmission; (c) on the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by certified or registered mail, return receipt requested. All notices shall be sent to Developer at the address listed on page one (1) of this Development Agreement, or such other address as Developer may designate in writing to Franchisor. All notices, payments and reports required by this Development Agreement shall be sent to Franchisor at the following address unless and until a different address has been designated in writing to Developer:

Monical Pizza Corporation
Attn: President
530 N. Kinzie
Bradley, Illinois 60915

12.5 Cost of Enforcement or Defense; Interest

If Franchisor or Developer is required to enforce this Development Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of all of its costs and expenses incurred including, without limitation, reasonable accounting and attorneys' fees and related fees and costs, in connection with such proceeding. Any amounts due from Developer to Franchisor shall accrue interest at a rate equal to eighteen percent (18%) per annum, or the maximum rate allowed by applicable law, from the date such payment is due until it is paid in full. If Franchisor incurs costs and expenses due to Developer's failure to pay when due amounts owed to Franchisor or its Affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Development Agreement, Developer agrees, whether or not Franchisor initiates a formal legal proceeding, to reimburse Franchisor for all of the costs and expenses that Franchisor incurs including, without limitation, reasonable accounting, attorneys' and related fees and costs.

12.6 Unlimited Guaranty and Assumption of Obligations

Simultaneously with the execution of this Development Agreement, all holders of a legal or beneficial interest in Developer of five percent (5%) or greater shall be required to execute and deliver to Franchisor the Unlimited Guaranty and Assumption of Obligations attached as Exhibit B, through which such holders agree to assume and discharge all of Developer's obligations under this Development Agreement and to be personally liable hereunder for all of the same.

12.7 Approvals

Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Development Agreement, or by reason of any neglect, delay or denial of any request for approval, and no waiver, approval, advice, consent or services provided by Franchisor to Franchisee shall constitute any warranty or guarantee of any nature.

12.8 Entire Agreement

This Development Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. Developer acknowledges that Developer is entering into this Development Agreement as a result of its own independent investigation of the Franchised Restaurant and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Development Agreement, or in any disclosure document, prospectus or other similar document required or permitted to be given to Developer pursuant to applicable law.

12.9 Severability and Modification

12.9.1 Except as noted below, each paragraph, part, term and provision of this Development Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Development Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Development Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Development Agreement, Franchisor has the right to, at its option, terminate this Development Agreement.

12.9.2 Notwithstanding the above, each of the covenants contained in Sections 6 and 9 shall be construed as independent of any other covenant or provision of this Development Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid by a court of competent jurisdiction, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent permitted by law.

12.10 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.11 Force Majeure

Whenever a period of time is provided in this Development Agreement for either party to perform any act, except the payment of money due, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorist acts, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Development Agreement.

12.12 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Development Agreement shall be a material breach.

12.13 Further Assurances

Each party to this Development Agreement shall execute and deliver such further instruments, contracts, forms or other documents, and shall perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Development Agreement.

12.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Development Agreement is intended, nor shall be deemed, to confer any rights or benefits upon any person or legal entity other than Franchisor or Developer, and their respective successors and assigns.

12.15 Multiple Originals

Both parties shall execute multiple copies of this Development Agreement and each executed copy shall be deemed an original.

13. DISPUTE RESOLUTION

13.1 Choice of Law

Except to the extent this Development Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Development Agreement shall be governed by and construed in accordance with the laws of the State of Illinois (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

13.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Champaign County, Illinois. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Developer is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

13.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Developer by this Development Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

13.4 Limitations of Claims

Any claim concerning the Development Rights or this Development Agreement or any related agreement shall be barred unless an action for that claim is commenced within one (1) year from the date on which Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim. Notwithstanding the above, Franchisor's claims attributable to underreporting, failure to pay monies owed and/or indemnification should be subject to applicable state or federal statutes of limitation.

13.5 Limitation of Damages

Developer and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each shall be limited to the recovery of actual damages sustained by it, including costs, interest and reasonable accounting and legal fees as provided in Section 0. Developer waives and disclaims any right to incidental or consequential damages in any action or claim against Franchisor concerning this Development Agreement or any related agreement. In any claim or action brought by Developer against Franchisor concerning this Development Agreement, Developer's contract damages shall not exceed and shall be limited to refund of Developer's Development Fee payments.

13.6 Waiver Of Jury Trial

DEVELOPER AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

13.7 Arbitration

This Development Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any and all intellectual property rights, including, but not limited to, Franchisor's Marks, copyrights or the unauthorized use or disclosure of Franchisor's Confidential Information and except for claims for injunctive relief, all disputes arising out of or relating to this Development Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Champaign County, Illinois, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court for the State of Illinois and located in Champaign County, Illinois. The decision of the arbitrator shall be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Developer acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

14. ACKNOWLEDGMENTS

14.1 Receipt of this Development Agreement and the Franchise Disclosure Document

Developer represents and acknowledges that it has received, read and understands this Development Agreement and Franchisor's Franchise Disclosure Document, and that Franchisor has accorded Developer ample time and opportunity to consult with legal, business, tax and other advisors of its own choosing about the potential benefits and risks of entering into this Development Agreement. Developer represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Development Agreement was executed, 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.

14.2 Consultation by Developer

Developer represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Development Agreement, the business franchised hereby and the prospects for such business. Developer represents that it has either consulted with such advisors or has deliberately declined to do so.

14.3 True and Accurate Information

Developer represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Developer acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

14.4 Risk

DEVELOPER REPRESENTS THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS DEVELOPMENT AGREEMENT AND ACKNOWLEDGES THAT, LIKE ANY OTHER BUSINESS, AN INVESTMENT IN A MONICAL'S RESTAURANT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE IS DEPENDENT, AMONG OTHER FACTORS, UPON THE BUSINESS ABILITIES AND EFFORTS OF DEVELOPER. FRANCHISOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN THIS DEVELOPMENT AGREEMENT OR OTHERWISE, AS TO THE POTENTIAL SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREBY.

14.5 No Guarantee of Success

DEVELOPER REPRESENTS AND ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY GUARANTEE, EXPRESS OR IMPLIED, AS TO THE REVENUES, PROFITS OR LIKELIHOOD OF SUCCESS OF ANY MONICAL'S RESTAURANT TO BE DEVELOPED PURSUANT TO THIS DEVELOPMENT AGREEMENT. DEVELOPER ACKNOWLEDGES AND AGREES THAT THERE HAVE BEEN NO REPRESENTATIONS BY FRANCHISOR OR ANYONE ON BEHALF OF FRANCHISOR THAT ARE NOT CONTAINED IN, OR ARE INCONSISTENT WITH, THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT AND THIS DEVELOPMENT AGREEMENT.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Development Agreement on the day and year first above written.

MONICAL PIZZA CORPORATION

By: _____

Title: _____

Developer: _____

Signed: _____

Name Printed: _____

EXHIBIT A TO THE
AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE*

Franchised Restaurant No.	Opening Date	Cumulative Number to be in Operation
1		
2		
3		
4		
5		

*For each Franchised Restaurant to be established pursuant to this Development Agreement, assign a Center Number, i.e., 1, 2, 3, etc., a date which the Franchised Restaurant is required to be open "Opening Date," and the cumulative number of open Franchised Restaurants. The cumulative number shall take into account any Franchised Restaurants, which Developer has established or is in the process of opening or that were purchased from a transferring franchisee, as the case may be, prior to entering into this Development Agreement.

EXHIBIT B TO THE
AREA DEVELOPMENT AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of_____, 20_____, in connection with that certain Development Agreement of even date herewith (which Development Agreement, as may have been modified, amended and/or supplemented in writing, is hereunder called the Development Agreement) by and between Monical Pizza Corporation as "Franchisor" and _____ as "Developer".

As used herein, "Related Agreement" shall mean any agreement entered into by and between Franchisor and Developer or any Affiliate (as defined in the Development Agreement) in connection with or relating to the Development Agreement.

For valuable consideration received, and as an inducement to Franchisor to enter into the Development Agreement, the undersigned ("Guarantor") hereby unconditionally guarantees to Franchisor and its Affiliates: (a) the full and timely performance by Developer of the Development Agreement and each related Agreement and all terms, conditions and covenants thereof, and (b) the payment by Developer of royalties and all other sums payable by Developer under the Development Agreement and each Related Agreement.

Guarantor agrees that (1) its obligations hereunder shall be enforceable against Guarantor without the necessity for any suit or proceedings whatsoever against Developer, and without the necessity of any notice of nonpayment, nonperformance or nonobservance or any notice of acceptance of this Guaranty Agreement or any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives; (2) immediately upon each and every breach or default of the Development Agreement or any Related Agreement by Developer, whether before or during the term of the Development Agreement or any Related Agreement or thereafter (e.g., during any renewal term), without any notice to or demand upon Guarantor, Guarantor will (i) pay to Franchisor or an Affiliate as applicable, the sum or sums in arrears, (ii) pay to Franchisor or an Affiliate, as applicable, all damages, including but not limited to any expenses, costs and fees incurred by Franchisor or an Affiliate, as applicable,, that may be occasioned by Developer's nonperformance, and (iii) comply with or perform all terms and conditions of the Development Agreement and each Related Agreement; (3) no extension, forbearance or leniency extended by Franchisor or any Affiliate to Developer shall wholly or partially discharge Guarantor hereunder, notwithstanding that Guarantor had no notice of any breach or default of the Development Agreement or any Related Agreement or of any such leniency, forbearance or extension; (4) Franchisor or an Affiliate, as applicable, and Developer, without notice to or consent by Guarantor, may at any time(s) enter into modifications, renewals, extensions, amendments and/or other agreements respecting the Development Agreement or any Related Agreement, and Guarantor shall not be wholly or partially released thereby, it being intended that Guarantor shall continue as guarantor with respect to the Development Agreement and each Related Agreement as so modified, renewed, extended, amended or otherwise affected and notwithstanding any transfer or assignment of the Development Agreement or any Related Agreement.

The obligations of Guarantor herein shall be co-extensive with those of Developer under the Development Agreement and each Related Agreement and shall remain in effect as long as Developer's obligations under the Development Agreement and each Related Agreement are in effect. This Guaranty Agreement is absolute and unconditional and shall continue without being affected by any impairment, release or limitation of the liability of Developer or its estate in bankruptcy resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or from the decision of any court interpreting the same. Guarantor further agrees to be bound by each and every obligation of Developer under the Development Agreement and each Related Agreement,

with the same force and effect as if Guarantor were designated in and had executed the Development Agreement and each Related Agreement as Developer thereunder.

This Guaranty Agreement is a primary guaranty of payment and performance and shall not be subject to any counterclaim, set-off, deduction or defense. No failure or delay on the part of Franchisor or any Affiliate in exercising any right or remedy under the Development Agreement, any Related Agreement and/or this Guaranty Agreement shall operate as a waiver thereof nor shall a single or partial exercise of any right or remedy preclude any other or further exercise thereof, and all rights and remedies of Franchisor and each Affiliate hereunder and under the Development Agreement and each Related Agreement shall be cumulative. Until all Developer's obligations under the Development Agreement and each Related Agreement are fully performed, Guarantor waives any rights that it may have against Developer or any Affiliate by reason of Guarantor's compliance with the Guaranty Agreement, and subordinates any liability or indebtedness of Developer held by Guarantor to the obligations of Developer to Franchisor and each Affiliate under the Development Agreement and each Related Agreement.

If Guarantor consists of more than one person and/or entity, (a) this Guaranty Agreement shall be binding on all of them jointly and severally, and (b) notice to or from any of them will constitute notice to or from each of them.

Any notice or other communication to Franchisor may be addressed to: Monical Pizza Corporation, 530 N. Kinzie, Bradley, Illinois 60915, Attention: President, or such other address as may be designated by Franchisor by registered or certified mail, return receipt requested, and the time of rendition of such notice or other communication shall be when it is deposited in an official United States Mail receptacle, postage prepaid. Any notice or other communication to Guarantor shall be given in like manner to the notice address which appears following the Guarantor’s signature on this Guaranty Agreement.

This Guaranty Agreement, which is to be governed by and construed in accordance with the laws of the State of Illinois, shall also bind Guarantor's legal or personal representatives, heirs, successors and assigns (as the case may be) and inure to the benefit of Franchisor and its Affiliates and their successors and assigns and any other person or entity at any time having the rights of Franchisor or any Affiliate under the Development Agreement and each Related Agreement.

Guarantor will forthwith pay to Franchisor and/or an Affiliate, as applicable, all attorney's fees and disbursements incurred by Franchisor and/or an Affiliate, as applicable, in connection with any breach or default by Developer under the Development Agreement or any Related Agreement and/or the enforcement of this Guaranty Agreement, in each instance whether or not suit is brought (and if suit is brought, through appeals and collection efforts).

Any sums not paid to Franchisor or any Affiliate when due hereunder will bear interest at the rate of 18% per annum, from the due date until full payment is received by Franchisor or such Affiliate.

As a further inducement to Franchisor to make and enter into the Development Agreement and in consideration thereof, Guarantor agrees that in any action or proceeding brought on, under or by virtue by this Guaranty Agreement, Guarantor shall and does hereby waive trial by jury and the benefit of any statute of limitations defense, and Guarantor agrees that the applicable courts of Illinois may have jurisdiction over Guarantor upon appropriate service on Guarantor anywhere in the United States in a manner in accordance with the laws of Illinois. Without limiting the foregoing, Guarantor hereby irrevocably appoints Developer as Guarantor's agent for service of process related to this Guaranty Agreement.

The Guaranty Agreement contains the entire agreement between the parties with respect to the matters covered hereby, and Guarantor acknowledges that no agent, representative, salesman or officer of Franchisor or any

Affiliate has authority to make or has made any statement, agreement or representation, either oral or written, in connection herewith, modifying, adding to or changing the terms and conditions herein set forth. No customs or dealings between the parties shall be permitted to contradict or modify the terms hereof. This Guaranty Agreement shall not be construed more strictly against one party merely by reason of such party's preparation hereof. If any provision of this Guaranty Agreement shall be held to be invalid or unenforceable, to the maximum extent possible the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall continue in full force and affect. Neither this Guaranty Agreement nor any of its provisions can be waived, modified or terminated orally, but only by a written instrument duly executed by or on behalf of the party against whom enforcement of any waiver, modification or termination is sought.

Guarantor fully and expressly intends that the foregoing requirements as to a writing be strictly adhered to and strictly interpreted and enforced by any court which may be asked to consider the matter. This Guaranty shall be effective for the full term of the Development Agreement and each Related Agreement, including any extensions or renewals thereof.

GUARANTOR:

_____

_____
Driver's License #

Notice Address: _____

_____

Witnessed By:

X_____

Print Name:_____

Address:_____

_____

EXHIBIT C TO THE
AREA DEVELOPMENT AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN DEVELOPER; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Officers and Directors:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

EXHIBIT D TO THE
AREA DEVELOPMENT AGREEMENT

MULTI-STATE ADDENDA

ADDENDUM TO THE MONICAL PIZZA CORPORATION
AREA DEVELOPMENT AGREEMENT

FOR THE STATE OF CALIFORNIA

This Addendum to the Area Development Agreement is agreed to this ____ day of _____, 20___, by and between Monical Pizza Corporation and _____
_____.

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- Section 8 of the Area Development Agreement contains provisions concerning termination and non-renewal. If these provisions are inconsistent with California Business and Professions Code Sections 2000 through 20043, California law will control.

- Section 9.4 of the Area Development Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Area Development Agreement; this covenant may not be enforceable under California law.

- The Area Development Agreement may require 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 Area Development Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.

- Section 13.7 of the Area Development Agreement requires binding arbitration. The arbitration shall occur at the forum indicated in Section 13.7. Prospective developers are encouraged to consult 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 the Area Development Agreement restricting venue to a forum outside of the State of California.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title: _____

Developer: _____

By: _____

Title: _____

FOR THE STATE OF HAWAII

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Area Development Agreement. If the Area Development Agreement, and more specifically its Section 8, contains a provision that is inconsistent with Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title: _____

Developer: _____

By: _____

Title: _____

FOR THE STATE OF ILLINOIS

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____ _____.

1. In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the following amends Monical Pizza Corporation Area Development Agreement and supersedes all contrary provisions:

- Section 8 of the Area Development Agreement is amended to read:

  The conditions under which the Area Development Agreement can be terminated and the rights upon non-renewal, as well as application by which Developer may bring claims, may be governed by Illinois law, 815 ILCS 705/19 and 705/20 of the Illinois Franchise Disclosure Act of 1987,.

- Section 13.4 of the Area Development Agreement is amended to provide that no action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after the Developer becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to the Developer of a written notice disclosing the violation, whichever shall first expire.

- Section 13.6 of the Development Agreement shall be amended to read:

  Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 or the United States Code.

- For choice of law purposes, and for the interpretation and construction of the Area Development Agreement, Illinois law governs. Jurisdiction and venue for court litigation shall be in Illinois.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. IF THE FRANCHISOR DECIDES TO MAKE CHANGES TO ITS SYSTEM (SUCH AS NEW EQUIPMENT, FIXTURES, SOFTWARE AND/OR TRADEMARKS), YOU MAY BE REQUIRED TO SPEND UP TO $50,000 DURING THE 5-YEAR TERM OF YOUR FRANCHISE AGREEMENT (AS WELL AS EACH 5-YEAR RENEWAL TERM) TO BRING YOUR RESTAURANT INTO COMPLIANCE.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF INDIANA

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____ _____.

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- Section 8 of the Area Development Agreement is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Area Development Agreement and termination is not in bad faith.

- Section 9.4 of the Area Development Agreement is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have geographic limitation of the territory granted to Developer.

- Section 11.3 of the Area Development Agreement is amended to provide that Developer will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Developer's reliance upon or use of procedures or products, which were required by Franchisor, if such procedures or products were utilized by Developer in the manner required by Franchisor.

- Section 13.1 of the Area Development Agreement is amended to provide that in the event of a conflict between the laws of Indiana and Illinois, the Indiana Franchise Disclosure Law and/or the Indiana Deceptive Franchise Practices Law will prevail.

- Section 13.2 of the Area Development Agreement is amended to provide that Developer may commence litigation in Indiana for any cause of action under Indiana law.

- Section 13.7 of the Area Development Agreement is amended to provide that arbitration between Franchisor and Developer, shall be conducted in Indiana or a site mutually agreed upon.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF MARYLAND

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____ _____.

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- Section 13.1 of the Area Development Agreement is amended to provide that in the event of a conflict of laws, the Maryland Franchise Registration and Disclosure Law will prevail.
- Any litigation between Developer and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF MINNESOTA

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____.

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, §80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, *et seq.*, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- Section 8 of the Area Development Agreement is amended to state that with respect to franchises governed by the Minnesota Franchise Law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that a Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Area Development Agreement.

- Developer is not required to consent to liquidated damages because Minn. Rule 2860.44005 prohibits requiring a Developer to consent to liquidated damages.

- Section 13.4 of the Area Development Agreement is amended to state that any claim concerning the Franchised Restaurant or this Development Agreement or any related agreement shall be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Developer from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Area Development Agreement can abrogate or reduce any of Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or Developer's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF NEW YORK

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____.

1. In recognition of the requirements of New York's General Business Law, Article 33, §§680 through 695, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- Section 7.1 of the Area Development Agreement is amended to provide that Franchisor will not transfer and assign its rights and obligations under the Area Development Agreement unless the transferee will be able to perform the Franchisor's obligations under the Area Development Agreement, in Franchisor's good faith judgment, so long as it remains subject to Article 33 of the General Business Law of the State of New York.

- No provision in the Area Development Agreement shall be construed as requiring Developer to waive any right conferred upon the Developer by the provisions of Article 33 of the General Business Law of the State of New York.

- Section 8 of the Area Development Agreement is amended to provide that the Developer may terminate the Area Development Agreement on any grounds available by law.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____ _____.

1. In recognition of The North Dakota Securities Commission, the following provisions contained in the Area Development Agreement are amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, §51-19-01 *et seq.*:

- Covenants not to compete upon termination or expiration of the Area Development Agreement are generally enforceable in the State of North Dakota in limited instances as provided by law. If the Agreement contains a covenant not to complete that is inconsistent with North Dakota law, the covenant may not be enforceable.

- Section 13.1 of the Area Development Agreement is amended to state in the event of a conflict of laws, North Dakota Law shall control.

- Sections 13.2 and 13.7 are amended to state that a provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota law.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title: _____

FOR THE STATE OF RHODE ISLAND

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____ _____.

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14 the following provision contained in the Area Development Agreement is amended to be consistent with Rhode Island Law:

- Sections 13.1 and 13.2 of the Area Development Agreement are amended to provide that restricting jurisdiction or venue to a forum outside the state of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title:_____

Developer: _____

By: _____

Title:_____

FOR THE STATE OF WASHINGTON

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____.

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Area Development Agreement for Monical Pizza Corporation is amended as follows:

- Section 13.1 of the Area Development Agreement requires that the franchise be governed by Illinois Law; in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act will prevail.

- Sections 13.2 and 13.7 of the Area Development Agreement require litigation or arbitration to be conducted in Illinois, the requirement shall not limit any rights Developer may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

- Provisions as such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

- Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:	Developer:_____
By: _____	By: _____
Title:_____	Title:_____

FOR THE STATE OF WISCONSIN

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, by and between Monical Pizza Corporation and _____, and amends and revises the Area Development Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Area Development Agreement.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

MONICAL PIZZA CORPORATION:

By: _____

Title: _____

Developer: _____

By: _____

Title: _____

MONICAL PIZZA CORPORATION

FINANCIAL STATEMENTS

EXHIBIT F TO THE DISCLOSURE DOCUMENT

AUDITOR'S CONSENT

Baker Tilly US, LLP consents to the use in the Franchise Disclosure Document issued by Monical Pizza Corporation and Subsidiaries ("Franchisor") on April 29, 2022, as it may be amended, of our reports dated March 29, 2022 and February 24, 2021, relating to the financial statements of Franchisor for the periods ending December 31, 2021, 2020 and 2019. We understand that the Franchise Disclosure Document will be filed with various state authorities and delivered to prospective franchisees.

Baker Tilly US, LLP

BAKER TILLY US, LLP
April 29, 2022

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Independent Auditors' Report

To the Stockholders and Board of Directors of
Monical Pizza Corporation and Subsidiaries

Opinion

We have audited the consolidated financial statements of Monical Pizza Corporation and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, owners' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Monical Pizza Corporation and Subsidiaries as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Monical Pizza Corporation and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Monical Pizza Corporation and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Monical Pizza Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Monical Pizza Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control–related matters that we identified during the audit.

Baker Tilly US, LLP

Milwaukee, Wisconsin
March 29, 2022

CONSOLIDATED STATEMENTS OF INCOME

Monical Pizza Corporation & Subsidiaries……..Bradley, Illinois……For the Years Ended December 31,

	2021	2020
OPERATING REVENUES:		
Restaurant sales	$ 45,481,122	$ 40,101,966
Franchising revenues	949,430	743,030
Total operating revenues	**46,430,552**	**40,844,996**
OPERATING EXPENSES:		
Cost of restaurant sales	11,328,297	10,049,306
Store labor	16,970,820	13,992,151
Operating	5,493,518	5,114,085
Occupancy	3,579,358	3,340,119
Depreciation	1,200,541	1,289,425
General and administrative	5,046,849	5,152,113
Profit sharing	763,403	221,269
Net gain from insurance proceeds	(508,876)	(497,303)
Total operating expenses	**43,873,910**	**38,661,165**
OPERATING INCOME	**2,556,642**	**2,183,831**
OTHER INCOME:		
Interest income	10,716	31,251
Other income	29,061	25,837
Loss on Sale of Investment in MPC O'Fallon LLC	(23,686)	-
Forgiveness of Paycheck Protection Program (PPP) Loan	4,000,000	-
Employee Retention Credit	5,639,415	-
Total other income	**9,655,506**	**57,088**
CONSOLIDATED NET INCOME	**12,212,148**	**2,240,919**
Less: Net income (loss) attributable to noncontrolling interest of subsidiary	14,249	(17,790)
NET INCOME ATTRIBUTABLE TO MONICAL PIZZA CORPORATION	**$ 12,197,899**	**$ 2,258,709**
Basic and diluted income per common share:		
Net income per common share	$ 31.36	$ 5.90
Weighted average shares outstanding	388,975	383,050

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

Monical Pizza Corporation & Subsidiaries……..…Bradley, Illinois……...……As of December 31,

	2021	2020
ASSETS		
Cash	$ 8,494,178	$ 10,286,948
Accounts receivable	388,065	300,699
Employee Retention Credit receivable	5,639,415	-
Inventories	509,535	481,508
Notes receivable, current	3,301	3,198
Other current assets	84,973	93,018
TOTAL CURRENT ASSETS	**15,119,467**	**11,165,371**
Property and equipment, net	8,983,422	8,994,165
Notes receivable, long-term	1,686	4,987
Goodwill, net	109,153	148,634
Favorable royalty contract, net	161,381	170,066
TOTAL ASSETS	**$ 24,375,109**	**$ 20,483,223**
LIABILITIES		
Accounts payable	$ 2,092,942	$ 1,678,878
Paycheck Protection Program loan, current	-	1,000,000
Accrued expenses and other current liabilities	3,786,308	2,572,288
TOTAL CURRENT LIABILITIES	**5,879,250**	**5,251,166**
Deferred rent	25,668	39,924
Paycheck Protection Program loan, long-term	-	3,000,000
Other long-term liabilities	116,158	174,286
TOTAL LIABILITIES	**6,021,076**	**8,465,376**
OWNERS' EQUITY		
Common stock, no par value; 1,000,000 shares authorized; 390,950 and 383,600 voting shares issued and outstanding in 2021 and 2020, respectively	2,233,048	1,670,773
Paid in capital - treasury stock	12,100	12,100
Retained earnings	16,108,885	10,346,581
TOTAL CONTROLLING INTEREST	**18,354,033**	**12,029,454**
Non-controlling interest of subsidiary	-	(11,607)
TOTAL OWNERS' EQUITY	**18,354,033**	**12,017,847**
TOTAL LIABILITIES AND OWNERS' EQUITY	**$ 24,375,109**	**$ 20,483,223**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OWNERS' EQUITY

Monical Pizza Corporation & Subsidiaries……..……..…...Bradley, Illinois……...……For the Years Ended December 31,

	Common Stock					
	No. of Shares	Amount	Paid in Capital - Treasury Stock	Retained Earnings	Non-controlling Interest of	Total
Balances at January 1, 2020	381,400	$ 1,502,473	$ 12,100	$ 10,292,782	$ 6,183	$ 11,813,538
Net income (loss)	-	-	-	2,258,709	(17,790)	2,240,919
Issuance of common stock	2,200	168,300	-	-	-	168,300
Distributions to owners	-	-	-	(2,204,910)	-	(2,204,910)
Balances at December 31, 2020	383,600	1,670,773	12,100	10,346,581	(11,607)	12,017,847
Net income	-	-	-	12,197,899	14,249	12,212,148
Issuance of common stock	7,350	562,275	-	-	-	562,275
Sale of interest in MPC O'Fallon LLC	-	-	-	-	(2,642)	(2,642)
Distributions to owners	-	-	-	(6,435,595)	-	(6,435,595)
Balances at December 31, 2021	**390,950**	**$ 2,233,048**	**$ 12,100**	**$ 16,108,885**	**-**	**$ 18,354,033**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Monical Pizza Corporation & Subsidiaries……..……Bradley, Illinois……...……..…For the Years Ended Decen

	2021	2020
Cash flows from operating activities:		
Consolidated net income	$ 12,212,148	$ 2,240,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,200,541	1,289,425
Amortization	48,165	48,164
Forgiveness of Paycheck Protection Program Loan	(4,000,000)	-
Gain from Employee Retention Credit	(5,639,415)	-
Provision for deferred rent liability	(14,256)	(13,355)
Changes in assets and liabilities:		
Accounts receivable	(87,366)	450,064
Inventories	(28,027)	(31,259)
Other current assets	8,045	(6,063)
Accounts payable	414,065	72,110
Accrued expenses and other current liabilities	1,214,020	(97,728)
Other long-term liabilities	(58,128)	(53,893)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**5,269,792**	**3,898,384**
Cash flows from investing activities:		
Capital expenditures	(1,189,798)	(617,077)
Sale of interest in MPC O'Fallon LLC	(2,642)	-
Payments received on notes receivable	3,198	6,934
NET CASH USED IN INVESTING ACTIVITIES	**(1,189,242)**	**(610,143)**
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program Loan	-	4,000,000
Issuance of common stock	562,275	168,300
Distributions to shareholders	(6,435,595)	(2,204,910)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(5,873,320)**	**1,963,390**
NET INCREASE (DECREASE) IN CASH	**(1,792,770)**	**5,251,631**
Cash at beginning of year	10,286,948	5,035,317
CASH AT END OF YEAR	**$ 8,494,178**	**$ 10,286,948**
NONCASH INVESTING AND FINANCING ACTIVITIES		
Forgiveness of Paycheck Protection Program Loan (Note 7)	$ 4,000,000	$ -

FINANCIAL SUMMARY

Performance Measures:	Twelve Months Ended December 31, 2021	December 31, 2020
Operating Revenues	$46,430,552	$40,844,996
Change in Operating Revenues over Prior Year	13.7%	-0.4%
Consolidated Net Income	$12,212,148	$2,240,919
Basic and Diluted Earnings per Share	$31.36	$5.90
Change in Earnings per Share over Prior Year	431.5%	-24.5%
Consolidated Net Income as a Percent of Operating Revenues	26.3%	5.5%
Return on Average Owners' Equity	80.4%	18.8%
Return on Average Assets	54.4%	12.2%
Total Assets	$24,375,109	$20,483,223
Long Term Debt	$0	$3,000,000
Owners' Equity	$18,354,033	$12,017,847
Change in Owners' Equity over Prior Year	52.7%	1.7%
Number of Company Restaurants	31	32
Total Systemwide Restaurants	62	62
Number of Employees*	928	871
Consolidated Net Income per Employee	$13,160	$2,573
Change in Consolidated Net Income per Employee over Prior Year	411.5%	-22.5%
Operating Revenues per Employee	$50,033	$46,894
Change in Operating Revenues per Employee over Prior Year	6.7%	5.9%

* Based on final year end payroll.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Monical Pizza Corporation & Subsidiaries.....Bradley, Illinois.
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS SEGMENT:
Monical Pizza Corporation (the Company) owns and operates 62 restaurants located in central Illinois, Indiana and Wisconsin with 31 and 32 Company-owned locations and 31 and 30 franchised locations as of December 31, 2021 and 2020. Substantially all customer transactions are handled on a cash basis.

MPC O'Fallon LLC opened a store in O'Fallon, Missouri in April of 2016. The Company was the majority owner of MPC O'Fallon LLC. On December 1, 2021, the Company's interest in MPC O'Fallon was sold for $90 to the minority owner and is now a franchisee of the Company.

PRINCIPLES OF CONSOLIDATION:
The accompanying consolidated financial statements include the accounts of Monical Pizza Corporation; its wholly owned subsidiary, Comfort Foods; and its majority owned entity, MPC O'Fallon LLC through December 1, 2021. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES:
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the consolidated financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS:
The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

ACCOUNTS RECEIVABLE:
The Company uses the allowance method to account for uncollectible accounts receivable. The Company estimates an allowance based on historical collection experience and a review of the current status of trade accounts receivable. As of December 31, 2021 and 2020, no allowance was provided as all receivables were considered collectible. Interest is only charged to franchisees who are past due on their franchise fees and expenses. No other interest is charged on past due balances. The majority of accounts receivable is comprised of credit card receivables.

INVENTORIES:
Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average cost method.

NOTES RECEIVABLE:
The Company has notes receivable due from certain franchisees. The Company uses the allowance method to account for the uncollectible notes receivable. The Company estimates an allowance based on historical collection experience and a review of the current status of the notes receivable. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2021 and 2020.

PROPERTY AND EQUIPMENT:
Property and equipment are stated at cost. Major expenditures which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses, if any, are included in income.

Property and equipment are depreciated over estimated useful lives using the straight-line method as follows:

New equipment	5 Years
Used equipment	4 Years
Electronic equipment	3 Years
Buildings	15 Years
Leasehold improvements	Based on the estimated remaining useful life of the leasehold improvement, not to exceed the lesser of the lease term or ten years.

IMPAIRMENT OF LONG-LIVED ASSETS:
The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There were no impairments recognized during the years ended December 31, 2021 and 2020.

GOODWILL:
Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is being amortized on a straight-line basis over 10 years. Amortization expense related to goodwill was $39,481 for the years ended December 31, 2021 and December 31, 2020. The Company evaluates goodwill for impairment whenever events occur, or circumstances change, that indicate that the fair value of the entity may be below its carrying amount. No impairment loss adjustment was deemed necessary for the years ended December 31, 2021 and 2020. The weighted average remaining amortization period for goodwill is approximately 2.9 years.

FAVORABLE ROYALTY CONTRACT:
In connection with the purchase of the Paris, Illinois location in August 2015 from a franchisee, the Company has recorded a favorable royalty contract. This asset represents the present value of estimated royalty fees that could be collected in excess of the present value of the royalty fees being collected by the existing franchisee. The asset is being amortized over 25 years, the remaining life of the existing franchise agreement at the date of the purchase. Amortization

expense related to the favorable royalty contract was $8,685 for the years ended December 31, 2021 and 2020.

Amortization expense related to the favorable royalty contract, along with goodwill discussed above, for the years ended after December 31, 2021 is as follows:

2022	$ 48,165
2023	48,165
2024	24,121
2025	17,689
2026	8,684
2027 and thereafter	123,710
Total	$270,534

LIABILITY FOR GIFT CARDS:
Gift cards sold are recorded as unearned income by the Company until they are used or expire. Liability for gift cards totaled $498,993 and $450,731 as of December 31, 2021 and 2020, respectively, and is included within accounts payable in the accompanying consolidated balance sheets.

DEFERRED RENT LIABILITY:
Rent expense is recorded on a straight-line basis over the term of the lease. One or more option periods may be included in the lease term if the Company would incur a significant economic penalty by not renewing the lease. Lease escalations during the term of the lease create a deferred rent liability which represents the excess of rent expense recognized to date over the actual rent paid to date. The amount of income recognized as a result of the amortization of this liability equaled $14,256 and $13,355 for the years ended December 31, 2021 and 2020, respectively, and is included in operating expenses in the accompanying consolidated statements of income.

DEFERRED RENT BENEFIT:
Cash payment improvement allowance received from a lessor is recorded as a deferred rent benefit upon receipt and recognized as a reduction of rent expense on a straight-line basis over the term of the related lease. The deferred rent benefit of $62,158 and $93,286 at December 31, 2021 and 2020, respectively, is included in other long-term liabilities in the accompanying consolidated balance sheets.

DEFERRED VENDOR ALLOWANCE:
Initial contract sign-on advances received from vendors are recorded as deferred revenue and are recognized as income each year based on the product usage for the year as a percentage of the total product usage required under the contract. The income is included as an offset to cost of restaurant sales. Deferred vendor allowance of $54,000 and $81,000 as of December 31, 2021 and 2020, respectively, is included in other long-term liabilities in the accompanying consolidated balance sheets.

REVENUE RECOGNITION:
The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, which provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

Restaurant Sales – Substantially all restaurant sales represent retail sales to the general public through Company-owned restaurants. Such amounts are recognized as revenue at the point of sale on the cash basis at the time of the underlying sale and are presented net of sales tax and other sales-related taxes.

Royalty Fees - The Company receives royalty fees, ranging from one percent to four percent of franchisees' sales. Since ongoing franchise royalty fees are based on actual franchise restaurant sales, the fees will fluctuate and are considered variable consideration. ASC 606 requires variable consideration to be estimated. However, there is an exception to this requirement for sales-based royalties related to licenses of intellectual property. These fees are recognized as revenue when sales are generated by the franchisees and comprise the entire franchising revenue amount in the accompanying consolidated financial statements for the years ended December 31, 2021 and 2020. The Company uses the allowance method to account for uncollectible royalty fees, which is based on historical collection experience and a review of the current status of royalty fees receivable. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2021 and 2020.

Initial Franchise Fees – When a new franchise is sold, the Company grants the franchisee a license to own and operate a franchised restaurant. As part of this license, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program. Franchise agreements are valid for five years and during that time, the franchisee is allowed to use the Monical's name, recipes and menu. When the franchise agreement expires, the franchisee must pay an additional franchise fee to renew the agreement; however, at its discretion, the Company may waive the renewal fee.

In accordance with Accounting Standards Update (ASU) 2021-02, initial franchise fees are recognized when the services and conditions relating to the sale of the franchise are substantially performed or satisfied by the Company. The services and conditions required to be performed or satisfied by the Company principally include site selection approval, equipment specification assistance and training assistance. Franchise fees received prior to substantial performance by the Company are deferred. Substantial performance is normally deemed to have occurred when the related franchise location opens for business. There were no initial franchise fees included within franchising revenue in the accompanying consolidated financial statements for the years ended December 31, 2021 and 2020.

PRE-OPENING COSTS:
The Company expenses direct training and other costs related to opening new or relocated restaurants as incurred.

ADVERTISING COSTS:
Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2021 and 2020 were $414,063 and $333,594, respectively.

SALES TAXES:
The Company reports sales and expenses net of sales taxes imposed by state and local taxing authorities.

CASH FLOW INFORMATION:
There were no interest payments for the years ended December 31, 2021 and 2020. Cash paid for Illinois state replacement tax for the years ended December 31, 2021 and 2020 totaled $27,970 and $18,777, respectively.

FAIR VALUE MEASUREMENTS:
The Company follows current guidance related to fair value measurements, which, among other things, requires enhanced disclosures about assets and liabilities carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company is able to classify fair value balances based on the observability of those inputs. The guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

For the fiscal year ended December 31, 2021, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

FUTURE ACCOUNTING PRONOUNCEMENTS
During February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB issued ASU No. 2018-01, "Land Easement Practical Expedient", which permits an entity to elect an optional transition practical expedient to not evaluate land easements that existed or expired

before the entity's adoption of Topic 842 and that were not previously accounted for under ASC 840; ASU 2018-10, "Codification Improvements to Topic 842, Leases", which addresses narrow aspects of the guidance originally issued in ASU No. 2016-02; ASU 2018-11, "Targeted Improvements", which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, "Narrow-Scope Improvements for Lessors", which addresses sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and nonlease components. During 2019, the FASB issued ASU No. 2019-01, "Codification Improvements", which deferred the effective date for certain entities and, during 2020, issued ASU No. 2020-05, "Effective Dates for Certain Entities", which deferred the effective date of ASU No. 2016-02 for those entities that had not yet issued their financial statements at the time of ASU No. 2020-05's issuance. During 2021, the FASB issued ASU No. 2021-05, "Lessors-Certain Leases with Variable Lease Payments", which affects lessors with lease contracts that (1) have variable lease payments that do not depend on a reference index or a rate and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as a sales-type or direct financing lease to align with practice under Topic 840. During 2021, the FASB also issued ASU No.2021-09, "Discount Rate for Lessees That Are Not Public Business Entities", which allows a lessee that is not a public business entity to make the risk–free rate election by class of underlying asset, rather than at the entity-wide level. Topic 842 (as amended) was effective for annual periods and interim periods within those annual periods beginning after December 15, 2018. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The company believes that the adoption of Topic 842 (as amended) will have a material effect on its results of operations, financial position or cash flows.

During 2021, the FASB issued ASU No. 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient". The ASU provides an optional practical expedient to simplify application of the guidance on identifying performance obligations for certain franchisors by permitting them to account for pre-opening services provided to franchisees as distinct from the franchise license itself if the services are of the type that are consistent with those included in a pre-defined list. A franchisor that elects the practical expedient is required to apply the guidance in FASB ASC 606 to determine whether the pre-opening services are distinct from one another unless they make an accounting policy election to account for these pre-opening services as a single performance obligation. The ASU is effective for interim and annual periods beginning after December 15, 2020. The guidance must be applied retrospectively to the date that FASB ASC 606 was initially adopted. The Company adopted ASU 2021-02 as of January 1, 2021 and applied it retrospectively to January 1, 2019, the date ASC 606 was adopted, however, there was no impact on the consolidated financial statements as a result of this adoption.

During November 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-10, "Disclosures by Business Entities about Government Assistance." ASU No. 2021-10 requires disclosures that increase the transparency of transactions with a government accounted for by applying a grant or contribution accounting model by

analogy, including (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. ASU No. 2021-10 is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The company is currently assessing the effect that ASU No. 2021-10 will have on its results of operations, financial position and cash flows.

NOTE 2 – EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Company qualified for the ERC as its operations were fully or partially suspended during the first and second calendar quarters of 2021 due to orders from the State of Illinois limiting certain of its activities due to COVID-19. The Company averaged more than 100 full-time employees (FTEs), but less than 500 FTEs during 2019, therefore, it was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC while as a small employer in 2021 all of the Company's otherwise qualified wages were eligible. For 2020, the ERC equaled 50 percent of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70 percent of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

The Company applied for the ERC by amending its previously filed forms 941, and as a result, the Company has accounted for this government grant by way of analogy to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 410, *Asset Retirement and Environmental Obligations*. ASC 410-30-35-8 indicates that a claim for recovery should be recognized only when the claim is probable of recovery as defined in ASC 450-20-25-1 (i.e. *Contingencies*). Accordingly, the Company believes that the recovery of employment tax amounts previously paid is probable, and therefore, has recorded $5,639,415 as an ERC receivable and grant income in the other income section of its consolidated statement of income as of and for the year ended December 31, 2021.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2021	2020
Equipment	$16,850,120	$16,779,822
Leasehold improvements	6,799,237	6,563,281

Buildings	10,697,910	10,407,812
Land and land improvements	5,146,638	5,132,938
Construction in progress	133,729	129,564
	39,627,634	39,013,417
Less: Accumulated depreciation	(30,644,212)	(30,019,252)
	$8,983,422	$8,994,165

Depreciation expense for the years ended December 31, 2021 and 2020 was $1,200,541 and $1,289,425, respectively.

NOTE 4 – NOTES RECEIVABLE

The Company provides financing to their franchisees for new signage and point of sale systems, as necessary. As of December 31, 2021, one franchisee has signed a promissory note. The five-year note carries an interest rate of 2.65 percent and matures in June 2023.

NOTE 5 - ACCRUED EXPENSES

Accrued expenses and other current liabilities consist of the following as of December 31:

	2021	2020
Payroll and vacation	$ 2,122,756	$ 1,591,531
Real estate taxes	482,482	475,137
Profit sharing	763,403	221,230
Sales and use taxes	154,267	74,281
Payroll taxes	125,810	88,646
State replacement tax	32,318	41,988
Percentage rent	55,709	35,022
Other	49,563	44,453
Totals	$ 3,786,308	$ 2,572,288

NOTE 6 – LINE OF CREDIT

The Company has a $1,500,000 revolving line of credit with Busey Bank as of December 31, 2021 and 2020 that matures in July 2022. The line bears interest at the prime rate (3.25 percent at December 31, 2021) and is secured by a General Business Security Agreement. No amounts were drawn on the line as of December 31, 2021 and 2020.

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Company received loan proceeds in the amount of $4,000,000 under the Paycheck Protection Program (PPP) which was established as part of the CARES Act and is administered through the Small Business Administration (SBA). The PPP provides loans to

qualifying businesses in amounts up to two and a half times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight to twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. Any unforgiven portion is payable over two years at an interest rate of one percent with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Company met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during March of 2021. Legal release was received during June of 2021, therefore, the Company recorded forgiveness income of $4,000,000 within the other income section of its consolidated statement of income for the year ended December 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, the Company is required to maintain its PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

NOTE 8 – COMMITMENTS

At December 31, 2021, the Company was committed under noncancellable operating leases for the use of buildings in various Illinois locations and one location in Missouri. The leases have varying expiration dates through 2027 and some contain renewal options. Approximate minimum rental commitments for building leases are as follows:

Years ending December 31:

	THIRD PARTY	RELATED PARTY	TOTAL
2022	$455,318	$386,340	$841,658
2023	390,824	281,695	672,519
2024	299,974	125,900	425,874
2025	299,857	59,250	359,107
2026	251,072	24,000	275,072
Later Years	17,280	8,000	25,280
Total	$1,714,325	$885,185	$2,599,510

Base rent incurred was approximately $865,000 and $877,000 for the years ended December 31, 2021 and 2020, respectively. In addition to the base rentals, several of the leases include contingent rent amounts based on a percentage of gross sales. Percentage rent incurred was

approximately $73,000 and $44,000 for the years ended December 31, 2021 and 2020, respectively.

The Company leases vehicles for their stores to use for deliveries. The lease term for all the vehicles is five years and expiration dates range from March 2022 to June 2027. The Company's expense for vehicle leases was approximately $377,000 and $366,000 for the years ended December 31, 2021 and 2020, respectively. Approximate minimum rental commitments for vehicle leases are as follows:

Years ending December 31:	2022	$365,664
	2023	320,614
	2024	294,144
	2025	275,666
	2026	170,887
	Later Years	49,500
	Total	$1,476,475

NOTE 9 - INCOME TAXES

Effective May 1, 1987, the Company elected by unanimous consent of its owners to be taxed under the provisions of subchapter "S" of the Internal Revenue Code. Accordingly, no provision or liability for Federal income taxes is reflected in the accompanying consolidated financial statements. Instead, the owners are liable for individual Federal income taxes on their respective share of the Company's taxable income.

The Company recognizes the tax effects from uncertain tax positions only if the positions are more likely than not to be sustained under examination by a tax authority based solely on the technical merits of the position. There has been no effect for the application of these standards on the Company's consolidated financial statements. Management believes that the Company has no uncertain tax positions. The Company's Federal tax returns are subject to potential examination by tax authorities generally for three years after the returns are filed, and state income tax returns generally for four years after they are filed. The Company is not currently under examination by any taxing jurisdiction.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

The Company maintains a profit sharing and 401(k) plan for all employees, with the exception of leased and other employees as defined in the plan document. Employees who have completed at least one year of service with the Company and are at least 21 years old may contribute to the 401(k) portion of the plan. The Company has elected not to make matching contributions for the years ended December 31, 2021 and 2020. Employees who have completed at least two years of service with the Company and are at least 18 years old are eligible to participate in profit sharing contributions. The Company's profit sharing expense related to the plan was $305,100 and $221,230 for the years ended December 31, 2021 and 2020, respectively. Plan contributions are discretionary and the Company has the right to amend or terminate the plan at any time.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Company leases land and buildings from related parties under operating lease agreements, which have varying expiration dates through 2027. Rent payments to related parties totaled $385,460 and $384,110 for the years ended December 31, 2021 and 2020, respectively.

In addition, one of the owners of the Company is also a franchisee of the Company. Total fees received from that franchisee were $54,126 and $42,770 for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 - CORPORATE REDEMPTION AGREEMENT

On December 1, 2004, the Company amended an agreement dated November 1, 1991 whereby the Company will, in the event of the death of certain specified owners, purchase some or all of the voting stock in the Company owned by such owners. The Company has purchased and maintains term insurance policies on the lives of these owners to partially fund the purchase of any stock under this corporate redemption agreement.

If all stock repurchase payments had been due as of December 31, 2021, uninsured aggregate payments of approximately $29,237,000 would have been required. The Board of Directors has discussed contingency plans and believes that financing on terms acceptable to the Company for the repurchase of the stock would be available to the Company.

NOTE 13 – CONCENTRATIONS

CASH BALANCE
The Company maintains its cash balances primarily in area banks. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to $250,000 per bank. At times, the Company's cash balances may exceed the federally insured limits. The Company has not, nor do they expect to experience any losses on these deposits.

MAJOR SUPPLIERS
Substantially all purchases of inventory for the years ended December 31, 2021 and 2020 include purchases from four major suppliers. Management believes no risk is present under this arrangement due to other suppliers being readily available.

NOTE 14 – FAIR VALUE MEASUREMENTS

As discussed in Note 1, the Company follows guidance on fair value measurements that requires a three level disclosure hierarchy to indicate the level of judgment used to estimate fair value.

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a non-recurring basis as of December 31, 2021 and 2020.

2021	Level 1	Level 2	Level 3	Total	Losses
Property and equipment, net	$ -	$ -	$ 8,983,422	$ 8,983,422	$ -
Total non-recurring assets	$ -	$ -	$ 8,983,422	$ 8,983,422	$ -

2020	Level 1	Level 2	Level 3	Total	Losses
Property and equipment, net	$ -	$ -	$ 8,994,165	$ 8,994,165	$ -
Total non-recurring assets	$ -	$ -	$ 8,994,165	$ 8,994,165	$ -

In measuring the potential impairment of its long-lived assets, the Company primarily uses a discounted cash flow approach. The Company considers the discount rate it has utilized in its analysis a Level 3 input, as the Company did not have access to sufficient transaction data for similar restaurant company assets during the reporting period, and thus estimated the discount rate based on the remaining useful life of the restaurant's significant assets and current general market conditions.

The fair value of the Company's other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, approximated their carrying values as of December 31, 2021 and 2020, due to the short-term nature of those instruments.

NOTE 15 – INSURANCE PROCEEDS

As of December 31, 2021 and 2020, the Company received insurance proceeds of $508,876 and $497,303, respectively.

Throughout 2020, the Company experienced lost sales from the temporary closures of dining rooms mandated by various state orders as a result of the COVID-19 pandemic. A portion of these lost sales were insured with a cap of $1,000,000 and the Company partially settled its claim with the carrier for the amount of $491,124 in 2020. A final settlement of $508,876 was received in January 2021. The Company also received $6,179 in insurance proceeds for property damage at our restaurant in Champaign, Illinois in 2020.

NOTE 16 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring through March 29, 2022, the date the consolidated financial statements were available to be issued for events requiring recording or disclosure in the Company's financial statements. Management feels that no material events occurred that would require disclosure.

AUDITOR'S CONSENT

Baker Tilly US, LLP consents to the use in the Franchise Disclosure Document issued by Monical Pizza Corporation and Subsidiaries ("Franchisor") on March 1, 2021, as it may be amended, of our reports dated February 24, 2021 and February 26, 2020, relating to the financial statements of Franchisor for the periods ending December 31, 2020, 2019 and 2018. We understand that the Franchise Disclosure Document will be filed with various state authorities and delivered to prospective franchisees.

Baker Tilly US, LLP

BAKER TILLY US, LLP
March 1, 2021

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Independent Auditors' Report

To the Stockholders and Board of Directors of
Monical Pizza Corporation and Subsidiaries

We have audited the accompanying consolidated financial statements of Monical Pizza Corporation and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, owners' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Monical Pizza Corporation and Subsidiaries as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
February 24, 2021

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FINANCIAL SUMMARY

Performance Measures:	Twelve Months Ended December 31, 2020	December 31, 2019
Operating Revenues	$40,844,996	$40,992,249
Change in Operating Revenues over Prior Year	-0.4%	2.9%
Consolidated Net Income	$2,240,919	$3,072,280
Basic and Diluted Earnings per Share	$5.90	$7.81
Change in Earnings per Share over Prior Year	-24.5%	6.7%
Consolidated Net Income as a Percent of Operating Revenues	5.5%	7.5%
Return on Average Owners' Equity	18.8%	26.7%
Return on Average Assets	12.2%	19.4%
Total Assets	$20,483,223	$16,371,780
Long Term Debt	$3,000,000	$0
Owners' Equity	$12,017,847	$11,813,538
Change in Owners' Equity over Prior Year	1.7%	5.5%
Number of Company Restaurants	32	32
Total Systemwide Restaurants	62	62
Number of Employees*	871	926
Consolidated Net Income per Employee	$2,573	$3,318
Change in Consolidated Net Income per Employee over Prior Year	-22.5%	12.7%
Operating Revenues per Employee	$46,894	$44,268
Change in Operating Revenues per Employee over Prior Year	5.9%	3.4%

* Based on final year end payroll.

CONSOLIDATED BALANCE SHEETS

Monical Pizza Corporation & Subsidiaries……..…Bradley, Illinois……...……As of December 31,

	2020	2019
ASSETS		
Cash	$ 10,286,948	$ 5,035,317
Accounts receivable	300,699	750,763
Inventories	481,508	450,249
Notes receivable, current	3,198	6,934
Other current assets	93,018	86,955
TOTAL CURRENT ASSETS	**11,165,371**	**6,330,218**
Property and equipment, net	8,994,165	9,666,513
Notes receivable, long-term	4,987	8,185
Goodwill, net	148,634	188,114
Favorable royalty contract, net	170,066	178,750
TOTAL ASSETS	**$ 20,483,223**	**$ 16,371,780**
LIABILITIES		
Accounts payable	$ 1,678,878	$ 1,606,768
Paycheck Protection Program loan, current	1,000,000	-
Accrued expenses and other current liabilities	2,572,288	2,670,016
TOTAL CURRENT LIABILITIES	**5,251,166**	**4,276,784**
Deferred rent	39,924	53,279
Paycheck Protection Program loan, long-term	3,000,000	-
Other long-term liabilities	174,286	228,179
TOTAL LIABILITIES	**8,465,376**	**4,558,242**
OWNERS' EQUITY		
Common stock, no par value; 1,000,000 shares authorized; 383,600 and 381,400 voting shares issued and outstanding in 2020 and 2019, respectively	1,670,773	1,502,473
Paid in capital - treasury stock	12,100	12,100
Retained earnings	10,346,581	10,292,782
TOTAL CONTROLLING INTEREST	**12,029,454**	**11,807,355**
Non-controlling interest of subsidiary	(11,607)	6,183
TOTAL OWNERS' EQUITY	**12,017,847**	**11,813,538**
TOTAL LIABILITIES AND OWNERS' EQUITY	**$ 20,483,223**	**$ 16,371,780**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Monical Pizza Corporation & Subsidiaries……..Bradley, Illinois……For the Years Ended December 31,

	2020	2019
OPERATING REVENUES:		
Restaurant sales	$ 40,101,966	$ 40,183,442
Franchising revenues	743,030	808,807
Total operating revenues	**40,844,996**	**40,992,249**
OPERATING EXPENSES:		
Cost of restaurant sales	10,049,306	9,689,243
Store labor	13,992,151	13,540,824
Operating	5,114,085	5,126,541
Occupancy	3,340,119	3,380,990
Depreciation	1,289,425	1,381,901
General and administrative	5,152,113	4,360,368
Profit sharing	221,269	291,589
Loss from impairment of long-lived assets	-	284,939
Net gain from insurance proceeds	(497,303)	(35,035)
Total operating expenses	**38,661,165**	**38,021,360**
OPERATING INCOME	**2,183,831**	**2,970,889**
OTHER INCOME:		
Interest income	31,251	80,754
Other income	25,837	20,637
Total other income	**57,088**	**101,391**
CONSOLIDATED NET INCOME	**2,240,919**	**3,072,280**
Less: Net income (loss) attributable to noncontrolling interest of subsid	(17,790)	94,225
NET INCOME ATTRIBUTABLE TO MONICAL PIZZA CORPORATION	**$ 2,258,709**	**$ 2,978,055**
Basic and diluted income per common share:		
Net income per common share	$ 5.90	$ 7.81
Weighted average shares outstanding	383,050	381,225

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OWNERS' EQUITY

Monical Pizza Corporation & Subsidiaries……..……..…...Bradley, Illinois……...……For the Years Ended December 31,

	Common Stock					
	No. of Shares	Amount	Paid in Capital - Treasury Stock	Retained Earnings	Non-controlling Interest of Subsidiary	Total
Balances at January 1, 2019	380,700	$ 1,453,655	$ 12,100	$ 9,815,087	$ (88,042)	$ 11,192,800
Net income	-	-	-	2,978,055	94,225	3,072,280
Issuance of common stock	700	48,818	-	-	-	48,818
Distributions to owners	-	-	-	(2,500,360)	-	(2,500,360)
Balances at December 31, 2019	381,400	1,502,473	12,100	10,292,782	6,183	11,813,538
Net income (loss)	-	-	-	2,258,709	(17,790)	2,240,919
Issuance of common stock	2,200	168,300	-	-	-	168,300
Distributions to owners	-	-	-	(2,204,910)	-	(2,204,910)
Balances at December 31, 2020	**383,600**	**$ 1,670,773**	**$ 12,100**	**$ 10,346,581**	**$ (11,607)**	**$ 12,017,847**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Monical Pizza Corporation & Subsidiaries……..……Bradley, Illinois……...……..…For the Years Ended Decen

	2020	2019
Cash flows from operating activities:		
Consolidated net income	$ 2,240,919	$ 3,072,280
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,289,425	1,381,901
Amortization	48,164	48,164
Impairment of long-lived assets	-	284,939
Provision for deferred rent liability	(13,355)	4,060
Changes in assets and liabilities:		
Accounts receivable	450,064	(202,071)
Inventories	(31,259)	(66,624)
Other current assets	(6,063)	2,817
Accounts payable	72,110	166,889
Accrued expenses and other current liabilities	(97,728)	107,044
Other long-term liabilities	(53,893)	174,763
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,898,384**	**4,974,162**
Cash flows from investing activities:		
Capital expenditures	(617,077)	(1,877,558)
Payments received on notes receivable	6,934	7,472
NET CASH USED IN INVESTING ACTIVITIES	**(610,143)**	**(1,870,086)**
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program Loan	4,000,000	-
Issuance of common stock	168,300	48,818
Distributions to shareholders	(2,204,910)	(2,500,360)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**1,963,390**	**(2,451,542)**
NET INCREASE IN CASH	**5,251,631**	**652,534**
Cash at beginning of year	5,035,317	4,382,783
CASH AT END OF YEAR	**$ 10,286,948**	**$ 5,035,317**

See accompanying notes to consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

Monical Pizza Corporation & Subsidiaries.....Bradley, Illinois. December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS SEGMENT:
Monical Pizza Corporation (the Company) owns and operates 62 restaurants located in central Illinois, Indiana and Wisconsin with 32 Company-owned and 30 franchised locations and its wholly owned subsidiary, Comfort Foods, as of December 31, 2020 and 2019. Substantially all customer transactions are handled on a cash basis.

MPC O'Fallon LLC opened a store in O'Fallon, Missouri in April of 2016. The Company is a majority owner of MPC O'Fallon LLC.

PRINCIPLES OF CONSOLIDATION:
The accompanying consolidated financial statements include the accounts of Monical Pizza Corporation, its wholly owned subsidiary, Comfort Foods, and its majority owned entity, MPC O'Fallon LLC. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES:
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the consolidated financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS:
The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

ACCOUNTS RECEIVABLE:
The Company uses the allowance method to account for uncollectible accounts receivable. The Company estimates an allowance based on historical collection experience and a review of the current status of trade accounts receivable. As of December 31, 2020 and 2019, no allowance was provided as all receivables were considered collectible. Interest is only charged to franchisees who are past due on their franchise fees and expenses. No other interest is charged on past due balances. The majority of accounts receivable is comprised of credit card receivables.

INVENTORIES:
Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average cost method.

NOTES RECEIVABLE:
The Company has notes receivable due from certain franchisees. The Company uses the allowance method to account for the uncollectible notes receivable. The Company estimates an allowance based on historical collection experience and a review of the current status of the notes

receivable. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2020 and 2019.

PROPERTY AND EQUIPMENT:
Property and equipment are stated at cost. Major expenditures which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses, if any, are included in income.

Property and equipment are depreciated over estimated useful lives using the straight-line method as follows:

New equipment	5 Years
Used equipment	4 Years
Electronic equipment	3 Years
Buildings	15 Years
Leasehold improvements	Based on the estimated remaining useful life of the leasehold improvement, not to exceed the lesser of the lease term or ten years.

IMPAIRMENT OF LONG-LIVED ASSETS:
The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As discussed in Note 3, the Company wrote down the value of the assets of its O'Fallon location during the year ended December 31, 2019. There were no impairments recognized during the year ended December 31, 2020.

GOODWILL:
Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is being amortized on a straight-line basis over 10 years. Amortization expense related to goodwill was $39,480 for the years ended December 31, 2020 and December 31, 2019. The Company evaluates goodwill for impairment whenever events occur, or circumstances change, that indicate that the fair value of the entity may be below its carrying amount. No impairment loss adjustment was deemed necessary for the years ended December 31, 2020 and 2019. The weighted average remaining amortization period for goodwill is approximately 3.8 years.

FAVORABLE ROYALTY CONTRACT:
In connection with the purchase of the Paris, Illinois location in August 2015 from a franchisee, the Company has recorded a favorable royalty contract. This asset represents the present value of estimated royalty fees that could be collected in excess of the present value of the royalty fees being collected by the existing franchisee. The asset is being amortized over 25 years, the remaining life of the existing franchise agreement at the date of the purchase. Amortization expense related to the favorable royalty contract was $8,684 for the years ended December 31, 2020 and 2019.

Amortization expense related to the favorable royalty contract, along with goodwill discussed above, for the years ended after December 31, 2020 is as follows:

2021	$ 48,165
2022	48,165
2023	48,165
2024	24,121
2025	17,689
2026 and thereafter	132,395
Total	$318,700

LIABILITY FOR GIFT CARDS:
Gift cards sold are recorded as unearned income by the Company until they are used or expire. Liability for gift cards totaled $450,731 and $371,128 as of December 31, 2020 and 2019, respectively, and is included within accounts payable in the accompanying consolidated balance sheets.

DEFERRED RENT LIABILITY:
Rent expense is recorded on a straight-line basis over the term of the lease. One or more option periods may be included in the lease term if the Company would incur a significant economic penalty by not renewing the lease. Lease escalations during the term of the lease create a deferred rent liability which represents the excess of rent expense recognized to date over the actual rent paid to date. The amount of income (expense) recognized as a result of the amortization of this liability equaled $13,355 and ($4,060) for the years ended December 31, 2020 and 2019, respectively, and is included in operating expenses in the accompanying consolidated statements of income.

DEFERRED RENT BENEFIT:
Cash payment improvement allowance received from a lessor is recorded as a deferred rent benefit upon receipt and recognized as a reduction of rent expense on a straight-line basis over the term of the related lease. The deferred rent benefit of $93,286 and $120,179 at December 31, 2020 and 2019, respectively, is included in other long-term liabilities in the accompanying consolidated balance sheets.

DEFERRED VENDOR ALLOWANCE:
Initial contract sign-on advances received from vendors are recorded as deferred revenue and recognized as income each year based on the product usage for the year as a percentage of the total product usage required under the contract. The income is included as an offset to cost of restaurant sales. For the years ended December 31, 2020 and 2019, there were no changes in the application of valuation methods applied to similar assets and liabilities. Deferred vendor allowance of $81,000 and $108,000 as of December 31, 2020 and 2019, respectively, is included in other long-term liabilities in the accompanying consolidated balance sheets.

REVENUE RECOGNITION:
The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, which provides that revenues are to be recognized when control of promised goods or

services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

Restaurant Sales – Substantially all restaurant sales represent retail sales to the general public through Company-owned restaurants. Such amounts are recognized as revenue at the point of sale on a cash basis at the time of the underlying sale and are presented net of sales tax and other sales-related taxes.

Royalty Fees - The Company receives royalty fees, ranging from 1.0% to 4.0% of franchisees' sales. Since ongoing franchise royalty fees are based on actual franchise restaurant sales, the fees will fluctuate and are considered variable consideration. ASC 606 requires variable consideration to be estimated. However, there is an exception to this requirement for sales-based royalties related to licenses of intellectual property. These fees are recognized as revenue when sales are generated by the franchisees and comprise the entire franchising revenue amount in the accompanying consolidated financial statements for the years ended December 31, 2020 and 2019. The Company uses the allowance method to account for uncollectible royalty fees, which is based on historical collection experience and a review of the current status of royalty fees receivable. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2020 and 2019.

Initial Franchise Fees – When an individual franchise is sold, the Company grants the franchisee a license to own and operate a franchised restaurant. As part of this license, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program. Franchise agreements are valid for five years and during that time, the franchisee is allowed to use the Monical's name, recipes and menu. When the franchise agreement expires, the franchisee must pay an additional franchise fee to renew the agreement; however, at its discretion, the Company may waive the renewal fee.

The Company determined that the performance obligation of the initial franchise fee is the use and benefit of the franchise license, which occurs over the period the franchised restaurant is in operation, not when the restaurant opens. The Company may provide pre-opening services to franchisees, however, the Company has determined these services do not contain separate and distinct performance obligations from the franchise right; thus, a portion of the franchise fee has not been allocated to these pre-opening services.

The Company has determined the revenue recognition period for the initial franchise fee begins when the restaurant commences operation. As a result, the Company continues to defer the initial franchise fee until the restaurant commences operation, and then recognizes the initial franchise fee evenly over the average life of the franchisee, which the Company evaluates annually and has determined to be five years. There were no initial franchise fees included within franchising revenue in the accompanying consolidated financial statements for the years ended December 31, 2020 and 2019.

PRE-OPENING COSTS:
The Company expenses direct training and other costs related to opening new or relocated restaurants as incurred.

ADVERTISING COSTS:
Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2020 and 2019 were $333,594 and $381,254, respectively.

SALES TAXES:
The Company reports sales and expenses net of sales taxes imposed by state and local taxing authorities.

CASH FLOW INFORMATION:
There were no interest payments for the years ended December 31, 2020 and 2019. Cash paid for Illinois state replacement tax for the years ended December 31, 2020 and 2019 totaled $18,777 and $40,667, respectively. Cash paid for Missouri state income tax for the year ended December 31, 2020 was $60,920. There were no Missouri state income taxes for the year ended December 31, 2019.

FAIR VALUE MEASUREMENTS:
The Company follows current guidance related to fair value measurements, which, among other things, requires enhanced disclosures about assets and liabilities carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company is able to classify fair value balances based on the observability of those inputs. The guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

- Level 2 Inputs – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 Inputs – Unobservable inputs for the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

For the fiscal year ended December 31, 2020, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

FUTURE ACCOUNTING PRONOUNCEMENTS
During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)". ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should

recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB also issued several narrow aspect updates to Topic 842. During 2019, the FASB issued ASU No. 2019-01, which clarified Topic 842's interim disclosure requirements and amended certain industry-specific guidance related to determining the fair value of leased assets and the cash flow presentation of principal payments received under sales-type and direct finance leases. After being delayed another year with ASU No. 2020-05, Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company believes that the adoption of Topic 842 (as amended) will have a material effect on its results and financial position.

During 2021, the FASB issued ASU No. 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient". The ASU provides an optional practical expedient to simplify application of the guidance on identifying performance obligations for certain franchisors by permitting them to account for pre-opening services provided to franchisees as distinct from the franchise license itself if the services are of the type that are consistent with those included in a pre-defined list. A franchisor that elects the practical expedient is required to apply the guidance in FASB ASC 606 to determine whether the pre-opening services are distinct from one another unless they make an accounting policy election to account for these pre-opening services as a single performance obligation. The ASU is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The guidance must be applied retrospectively to the date that FASB ASC 606 was initially adopted. The Company is currently assessing the effect ASU 2021-02 will have on its results and financial position.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2020	2019
Equipment	$16,779,822	$16,354,714
Leasehold improvements	6,563,281	6,511,405
Buildings	10,407,812	10,318,456
Land and land improvements	5,132,938	5,095,589
Construction in progress	129,564	124,233
	39,013,417	38,404,397
Less accumulated depreciation	(30,019,252)	(28,737,884)
	$8,994,165	$9,666,513

Depreciation expense for the years ended December 31, 2020 and 2019 was $1,289,425 and $1,381,901, respectively.

NOTE 3 – IMPAIRMENT OF LONG-LIVED ASSETS

For the year ended December 31, 2019, MPC O'Fallon LLC recorded a $284,939 impairment loss in conjunction with the write down of the assets at their location in O'Fallon, Missouri to their current estimated fair values. The assets were written off due to the lack of sufficient cash flow being generated by the location. There was no impairment loss recorded for the year ended December 31, 2020.

NOTE 4 – NOTES RECEIVABLE

The Company provides financing to their franchisees for new signage and POS systems, as necessary. As of December 31, 2020, one franchisee has signed a promissory note. The note carries an interest rate of 2.65% for five years and matures June 2023.

NOTE 5 - ACCRUED EXPENSES

Accrued expenses and other current liabilities consist of the following:

	2020	2019
Payroll and vacation	$ 1,591,531	$ 1,590,176
Real estate taxes	475,137	468,312
Profit sharing	221,230	291,589
Sales and use taxes	74,281	108,371
Payroll taxes	88,646	88,304
State replacement tax	41,988	41,617
Percentage rent	35,022	40,303
Other	44,453	41,344
Totals	$ 2,572,288	$ 2,670,016

NOTE 6 – LINE OF CREDIT

The Company has a $1,500,000 revolving line of credit with Busey Bank as of December 31, 2020 and 2019. The line matures in July 2022. The line bears interest at the prime rate (3.25% at December 31, 2020) and is secured by a General Business Security Agreement. No amounts were drawn on the line as of December 31, 2020 and 2019.

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Company received loan proceeds in the amount of $4,000,000 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP

loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over two years at an interest rate of one percent with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Company believes that it will meet the PPP's loan forgiveness requirements, and therefore, plans to apply for forgiveness during February of 2021. When legal release is received, the Company will record the amount forgiven as forgiveness income within the other income section of its consolidated statements of operations. If any portion of the Company's PPP loan is not forgiven, the Company will be required to repay that portion, plus interest, over two years in 24 monthly installments with the repayment term beginning at the time that the SBA remits the amount forgiven to the Company's lender.

NOTE 8 – COMMITMENTS

At December 31, 2020, the Company was committed under noncancellable operating leases for the use of buildings in various Illinois locations and one location in Missouri. The leases have varying expiration dates through 2027 and some contain renewal options. Approximate minimum rental commitments for building leases are as follows:

Years ending December 31:	2021	$868,835
	2022	632,730
	2023	445,229
	2024	195,512
	2025	125,594
	Later Years	65,662
	Total	$2,333,562

Base rent incurred was approximately $877,000 and $917,000 for the years ended December 31, 2020 and 2019, respectively. In addition to the base rentals, several of the leases include contingent rent amounts based on a percentage of gross sales. Percentage rent incurred was approximately $44,000 and $49,000 for the years ended December 31, 2020 and 2019, respectively.

The Company leases vehicles for their stores to use for deliveries. The lease term for all the vehicles is five years and expiration dates range from February 2021 to January 2026. The Company's expense for vehicle leases was approximately $366,000 and $367,000 for the years ended December 31, 2020 and 2019, respectively. Approximate minimum rental commitments for vehicle leases are as follows:

Years ending December 31:	2021	$380,998
	2022	496,060
	2023	144,005
	2024	89,734
	2025	57,760
	Later Years	60,616
	Total	$1,229,173

NOTE 9 - INCOME TAXES

Effective May 1, 1987, the Company elected by unanimous consent of its owners to be taxed under the provisions of subchapter "S" of the Internal Revenue Code. Accordingly, no provision or liability for Federal income taxes is reflected in the accompanying consolidated financial statements. Instead, the owners are liable for individual Federal income taxes on their respective share of the Company's taxable income.

The Company recognizes the tax effects from uncertain tax positions only if the positions are more likely than not to be sustained under examination by a tax authority based solely on the technical merits of the position. There has been no effect for the application of these standards on the Company's consolidated financial statements. Management believes that the Company has no uncertain tax positions. The Company's Federal tax returns are subject to potential examination by tax authorities generally for three years after the returns are filed, and state income tax returns generally for four years after they are filed. The Company is not currently under examination by any taxing jurisdiction.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

The Company maintains a profit sharing and 401(k) plan for all employees, with the exception of leased and other employees as defined in the plan document. Employees who have completed at least one year of service with the Company and are at least 21 years old may contribute to the 401(k) portion of the plan. The Company has elected not to make matching contributions. Employees who have completed at least two years of service with the Company and are at least 18 years old are eligible to participate in profit sharing contributions. The Company's profit sharing expense related to the plan was $221,269 and $291,589 for the years ended December 31, 2020 and 2019, respectively. Plan contributions are discretionary and the Company has the right to amend or terminate the plan at any time.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Company leases land and buildings from owners under operating lease agreements, which have varying expiration dates through 2027. Rent payments to these individuals were $384,110 and $388,852 for the years ended December 31, 2020 and 2019, respectively.

In addition, one of the owners of the Company is also a franchisee of the Company. Total fees received from that franchisee were $42,770 and $49,225 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12 - CORPORATE REDEMPTION AGREEMENT

On December 1, 2004, the Company amended an agreement dated November 1, 1991 whereby the Company will, in the event of the death of certain specified owners, purchase some or all of the voting stock in the Company owned by such owners. The Company has purchased and maintains term insurance policies on the lives of these owners to partially fund the purchase of any stock under this corporate redemption agreement.

If all stock repurchase payments had been due as of December 31, 2020, uninsured aggregate payments of approximately $28,759,000 would have been required. The Board of Directors has discussed contingency plans and believes that financing on terms acceptable to the Company for the repurchase of the stock would be available to the Company.

NOTE 13 – CONCENTRATIONS

CASH BALANCE
The Company maintains its cash balances primarily in area banks. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to $250,000 per bank. At times, the Company's cash balances may exceed the federally insured limits. The Company has not, nor do they expect to experience any losses on these deposits.

MAJOR SUPPLIERS
Substantially all purchases of inventory for the years ended December 31, 2020 and 2019 include purchases from four major suppliers. Management believes no risk is present under this arrangement due to other suppliers being readily available.

NOTE 14 – FAIR VALUE MEASUREMENTS

As discussed in Note 1, the Company follows guidance on fair value measurements that requires a three level disclosure hierarchy to indicate the level of judgment used to estimate fair value.

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a non-recurring basis as of December 31, 2020 and 2019.

2020	Level 1	Level 2	Level 3	Total	Losses
Property and equipment, net	$ -	$ -	$ 8,994,165	$ 8,994,165	$ -
Total non-recurring assets	$ -	$ -	$ 8,994,165	$ 8,994,165	$ -

2019	Level 1	Level 2	Level 3	Total	Losses
Property and equipment, net	$ -	$ -	$ 9,666,513	$ 9,666,513	$ (284,939)
Total non-recurring assets	$ -	$ -	$ 9,666,513	$ 9,666,513	$ (284,939)

In measuring the potential impairment of its long-lived assets, the Company primarily uses a discounted cash flow approach. The Company considers the discount rate it has utilized in its analysis a Level 3 input, as the Company did not have access to sufficient transaction data for similar restaurant company assets during the reporting period, and thus estimated the discount rate based on the remaining useful life of the restaurant's significant assets and current general market conditions.

The fair value of the Company's other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, approximated their carrying values as of December 31, 2020 and 2019, due to the short-term nature of those instruments.

NOTE 15 – INSURANCE PROCEEDS

As of December 31, 2020 and 2019, the Company received insurance proceeds of $497,303 and $35,035, respectively.

Throughout 2020, the Company experienced lost sales from the temporary closures of dining rooms mandated by various state orders as a result of the COVID-19 pandemic. A portion of these lost sales were insured with a cap of $1,000,000 and the Company has partially settled its claim with the carrier for the amount of $491,124 in 2020. A final settlement of $508,876 was received in January 2021. The Company also received $6,179 in insurance proceeds for property damage at our restaurant in Champaign, Illinois.

In 2019, the Company received $30,235 of insurance proceeds for hail damage to our restaurant located in Tilton, Illinois and $4,800 of insurance proceeds for property damage at our restaurant in Danville, Illinois.

NOTE 16 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring through February 24, 2021, the date the consolidated financial statements were available to be issued for events requiring recording or disclosure in the Company's financial statements. Management feels that no material events occurred that would require disclosure.

MONICAL PIZZA CORPORATION

LIST OF CURRENT AND TERMINATED FRANCHISEES

EXHIBIT G TO THE DISCLOSURE DOCUMENT

CURRENT OPERATING FRANCHISEES: (As of December 31, 2021)

Illinois

1703 W. Main
Robinson, Illinois
Phone: 618-544-3228
Contact: Vince & Alicia Mickey

1125 E. Main Street
Olney, Illinois 62450-1058
Phone: 618-395-3359
Contact: Rene Genelle & Rashawna May

Rt. 45
Tolono, Illinois
Phone: 217-485-5711
Contact: Tom & Beth Swigart

Rt. 10 East
Clinton, Illinois
Phone: 217-935-2919
Contact: Randy Martin

1004 E. Walnut
Watseka, Illinois
Phone: 815-432-3714
Contact: Sean Wittenborn

135 N. 5th Ave.
Canton, Illinois
Phone: 309-647-1127
Contact: James D. Carter

625 Hwy. 24 West
Gilman, Illinois
Phone: 815-265-7272
Contact: Sean Wittenborn

900 S. Court
Tuscola, Illinois
Phone: 217-253-4749
Contact: Michelle Smalling

500 West Ottawa
Paxton, Illinois
Phone: 217-379-4835
Contact: Sidney & Martha Shanks

Rt. 24 West
El Paso, Illinois
Phone: 309-527-3663
Contact: Ronald Gimbel

1900 West Main
Shelbyville, Illinois
Phone: 217-774-4100
Contact: Sidney & Martha Shanks

102 N. Sycamore
Villa Grove, Illinois
Phone: 217-832-2361
Contact: Sidney & Martha Shanks

528 E. Springfield
Arcola, Illinois
Phone: 217-268-4141
Contact: Sidney & Martha Shanks

311 South US Route 66
Pontiac, Illinois
Phone: 815-844-2660
Contact: Sean Wittenborn

Closed #322 Plaza Park Drive
Chillicothe, Illinois
Phone: 309-274-6721
Contact: Scott Pauli

1310 N. Elm
Centralia, Illinois
Phone: 618-533-2755
Contact: Sidney & Martha Shanks

Indiana

1600 A Street Northeast
Linton, Indiana
Phone: 812-847-2900
Contact: John Agan

1022 S. Washington St.
Delphi, Indiana
Phone: 765-564-6670
Contact: Dustin Mathewson and Damon Mathewson

402 N. 7th
Kentland, Indiana
Phone: 219-474-9330
Contact: Matt Wittenborn

3500 State Rt. 38
Lafayette, Indiana
Phone: 765-448-6066
Contact: Sean Wittenborn

912 ½ S. Main
Monticello, Indiana
Phone: 574-583-3550
Contact: Dustin Mathewson and Damon Mathewson

3457 Bethel Dr.
W. Lafayette, Indiana
Phone: 765-464-2885
Contact: Sean Wittenborn

9271 East U.S. Hwy 36
Avon, Indiana
Phone: 317-271-2727
Contact: Julie Bridegroom & Laura Pirino

2147 South State Road 46
Terra Haute, Indiana
Phone: 765-464-2885
Contact: Sean Wittenborn

6010 West 86th Street, Suite 124
Indianapolis, Indiana
Phone: 317-870-7722
Contact: Julie Bridegroom & Laura Pirino

29 Putnam Plaza
Greencastle, Indiana 46135
Phone: 765-301-4404
Contact: Jenny & Bill Bradshaw

3712 South US 41
Terre Haute, Indiana 47802
Phone: 812-235-4700
Contact: Sean Wittenborn

14099 Mundy Drive
Fishers, Indiana
Phone: 317-770-8400
Contact: Sean Wittenborn

1813 Willow St., Suite 1A
Vincennes, Indiana 47591
Phone: 812-494-2100
Contact: Mark Shanks

Wisconsin

360 Highway 51 North
Arbor Vitae, WI
Phone: 715-358-9959
Contact: Jackie Cook

Missouri

1224 Sate Hwy K
O'Fallon, MO 63366
Phone: 636-980-1212
Contact: Rex Hoover

MONICAL PIZZA CORPORATION

LIST OF COMPANY-OWNED UNITS

EXHIBIT H TO THE DISCLOSURE DOCUMENT

Illinois

205 N. Mattis
Champaign, Illinois 61821
Phone: 217-359-3514

#6 Cherry Tree Center
Washington, Illinois 61571-2170
Phone: 309-444-7500

815 Broadway
Mattoon, Illinois 61938-4211
Phone: 217-234-6442

111 South Parkway
Pekin, IL 61554-3966
Phone: 309-347-7761

2720 S Philo Rd
Urbana, IL 61802
Phone: 217-367-5781

718 South Eldorado
Bloomington, IL 61704-6003
Phone: 309-662-8502

4408 North Knoxville
Peoria, IL 61614-6082
Phone: 309-688-0747

348 West First Drive
Decatur, IL 628523
Phone: 217-423-2333

320 East Champaign Street
Rantoul, IL 61866-3002
Phone: 217-893-1252

314 East First Street
Gibson City, IL 60936-1802
Phone: 217-784-4623

4100 W Willow Knolls Dr #7-8
Peoria, IL 61614
Phone: 309-691-6477

618 Orange Street (Rt 9)
Hoopeston, IL 60942
Phone: 217-283-7781

402 South Hamilton
Sullivan, IL 61951
Phone: 217-728-2373

1628 Georgetown Road
Tilton, IL 61833-8182
Phone: 217-443-5545

909 18th Street
Charleston, IL 61920-2938
Phone: 217-348-7515

2230 S. Mt. Zion Road
Decatur, IL 62521
Phone: 217-864-2060

600 West Oak (Rt 24)
Fairbury, IL 61739-1446
Phone: 815-692-4302

12-14 South Locust
Manteno, IL 60950
Phone: 815-468-7409

1155 West Court Street
Kankakee, IL 60901
Phone: 815-928-8043

2640 Prairie Crossing Drive
Springfield, IL 62704
Phone: 217-546-7258

703 N. 3rd St.
St. Joseph, IL 61873
Phone: 217-469-7777

302 S. Main St. PO Box 309
Princeton, IL 61356-0309
Phone: 815-872-0090

707 West Bridge Street
Monticello, IL 61856
Phone: 217-762-8484

2103 N. Veterans Pkwy #316
Bloomington, IL 61704
Phone: 309-662-6933

114 S. Lombard / PO 1048
Mahomet, IL 61853
Phone: 217-586-4242

597 William Latham Drive
Bourbonnais IL 60914
Phone: 815-932-9100

4333 Prospect Drive
Decatur IL 62526
Phone: 217-875-7340

1219 S. Main
Normal IL 61761
Phone: 309-454-7999

1067 W. Jackson
Morton, IL 61550
Phone: 309-284-0709

3542 N Vermilion St
Danville, IL 61832
Phone: 217-446-3111

607 E. Jasper
Paris, Illinois
Phone: 217-465-7684

EXHIBIT I TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, MONICAL PIZZA CORPORATION and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Restaurant. In this Franchisee Disclosure Questionnaire, MONICAL PIZZA CORPORATION 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 MONICAL PIZZA CORPORATION 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 Disclosure Document 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 the Franchised Restaurant with an attorney, accountant or other professional advisor and do you understand those risks?
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, interest rates, inflation, labor and supply costs, lease terms 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 the Franchised Restaurant that we or our franchisees operate?
Yes ____ No ____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchised Restaurant 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 Franchised Restaurant?
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

MONICAL PIZZA CORPORATION

MULTI-STATE ADDENDA

EXHIBIT J TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE
MONICAL PIZZA CORPORATION
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

1. 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.

2. 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.

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).

Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. ITEM 17 of the Disclosure Document Disclosure Document is amended to add the following:

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contains a provision that is inconsistent with the law, the law will control.

- 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.).

- The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

- The Franchise Agreement and Area Development Agreement require 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 and Area Development Agreement require application of the laws of a state other than the State of California. 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 and Area Development Agreement require binding arbitration. The arbitration will occur at the forum indicated in ITEM 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside the State of California.

- The following URL address is for the franchisor's website:

  www.monicalspizza.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 CORPORATIONS AT www.corp.ca.gov.

FOR THE STATE OF CONNECTICUT

1. ITEM 3 is amended to read as follows:

   - Neither the Franchisor nor any person identified in ITEMS 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

   - Neither the Franchisor nor any other person identified in ITEMS 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document , been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where such felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

   - Neither the Franchisor nor any person identified in ITEMS 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which such order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

   - Neither Company nor any person identified in ITEM 2 above 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) suspending or expelling such persons from membership in such association or exchange.

2. ITEM 4 is amended to read as follows:

   - During the 10 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company.

FOR THE STATE OF HAWAII

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and/or disclosure laws:

   - This registration is not currently effective in any state.

   - This proposed registration is on file with or will shortly be on file with the States of California, Connecticut, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

   - There are no states that have refused, by order or otherwise, to register these franchises.

   - There are no states that have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

   - The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 4.2 and 16.2 and 18, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

   - Sections 4.2.9, 18.2.3 and 18.2.6 of the Franchise Agreement require franchisee to sign a general release as a condition of renewal or transfer of the franchise and Sections 5.2, 5.5 and 8.3 require franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

   - Section 16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. The Receipt Pages are amended to add the following:

   - THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

   - THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT , TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

   - THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

FOR THE STATE OF ILLINOIS

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.

- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.

- Any provision in the Franchise Agreement requiring a general release is void to the extent that such provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.

- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.

- IF THE FRANCHISOR DECIDES TO MAKE CHANGES TO ITS SYSTEM (SUCH AS NEW EQUIPMENT, FIXTURES, SOFTWARE AND/OR TRADEMARKS), YOU MAY BE REQUIRED TO SPEND UP TO $50,000 DURING THE 5-YEAR TERM OF YOUR FRANCHISE AGREEMENT (AS WELL AS EACH 5-YEAR RENEWAL TERM) TO BRING YOUR RESTAURANT INTO COMPLIANCE.

ITEM 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987.

- The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:

   - Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

   - The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

3. ITEM 17 of the Disclosure Document is amended to add the following:

   - Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

   - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

   - ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

   - ITEM 17(u) is amended to provide that arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

   - ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

   - ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

FOR THE STATE OF MARYLAND

ITEM 17 of the Disclosure Document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

- Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

- In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Exhibit H to the Disclosure Document is amended as follows:

- Any portion of the Franchise Agreement, Area Development Agreement or the Disclosure Questionnaire which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations 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.

FOR THE STATE OF MICHIGAN

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

- A prohibition of the right of a Franchisee to join an association of Franchisees.

- A requirement that a Franchisee assent to a release, assignment, novation, waiver or estoppel that deprives a Franchisee of rights and protections provided in this act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.

- A provision that permits a Franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

- A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

- A provision that permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

    - The failure of the proposed transferee to meet the Franchisor's then-current reasonable qualifications or standards.

    - The fact that the proposed transferee is a competitor of the Franchisor or Subfranchisor.

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

- The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

- A provision that requires the Franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in ITEM 17(g).

- A provision that permits the Franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless a provision has been made for providing the required contractual services.

2. If the Franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise Bureau
670 Law Building
Lansing, MI 48913
(517) 373-3800

FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:

   - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ITEM 17 of the Disclosure Document is amended as follows:

   - With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

   - ITEM 17 does not provide for a prospective general release of claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

   - Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

FOR THE STATE OF NEW YORK

1. All references made herein to a "Disclosure Document" shall be replaced with the term "Offering Prospectus" as used under New York Law.

2. The FDD Cover Page is amended as follows:

- **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**

- **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE CIRCULAR. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS CIRCULAR.**

3. ITEM 3 is amended by the addition of the following language:

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in ITEM 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them alleging a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither franchisor nor any person identified in ITEM 2 has any pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in ITEM 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in ITEM 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency.

4. ITEM 4 is amended to state that:

- Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document , has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

5. ITEM 5 of the Disclosure Document is amended to add the following:

- The Franchise Fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Restaurant for business.

6. ITEMS 6 and 11 of the Disclosure Document are amended to add the following:

- The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

7. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.

- ITEM 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law.

- ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is able to assume our obligations under the Agreement.

- ITEM 17(w) is amended to state that New York Law governs any cause of action that arises under the New York General Business Law, Article 33, Section 680-695.

8. Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

- Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

- In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.

- The Franchise Agreement and Area Development Agreement are amended to state that the statute of limitations under North Dakota Law will apply.

- ITEMS 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

- ITEM 17(v) is amended to state that a provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

- ITEM 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the Disclosure Document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

FOR THE STATE OF WASHINGTON

ITEM 17 of the Disclosure Document is amended to add the following:

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

- A general release or waiver of rights executed by a Franchisee will not include rights under the Washington Franchise Investment Protection Act.

- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

- Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

- The Franchise Agreement and Area Development Agreement require any litigation or arbitration to be conducted in a state other than Washington; the requirement shall not limit any rights franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

FOR THE STATE OF WISCONSIN

ITEM 17 of the Disclosure Document is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Florida	5/1/21
Illinois	4/30/22
Indiana	6/21/21
Kentucky	4/30/22
Michigan	4/30/22
Missouri	4/30/22
South Carolina	4/30/22
Texas	4/30/22
Wisconsin	4/30/22

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 Monical Pizza Corporation offers you a franchise, Monical Pizza Corporation must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state's addendum.

If Monical Pizza Corporation 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 A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise: Franchisor will check the name of the person below who offered the franchise:
Harry D. Bond☐, Janelle L. Reents☐, James H. Nogle☐, Donna Jakob☐, Randy Martin☐, Carol L. Roosevelt☐, Jeff Whitehouse☐, Charles J. Nogle☐, 530 N. Kinzie, Bradley, Illinois 60915, (815) 937-1890.

Issuance Date: April 30, 2022

Our Agents for Service of Process are listed in Exhibit B.

I have received a Franchise Disclosure Document dated _____, 2022, including the following exhibits on the date listed below:

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement
D. Table of Contents of Confidential Operations Manual
E. Area Development Agreement
F. Financial Statements
G. List of Current and Terminated Franchisees
H. List of Company-Owned Units
I. Franchisee Disclosure Questionnaire
J. Multi-State Addenda

Please sign and print your name below, date and return one copy of this receipt to Monical Pizza Corporation and keep the other for your records.

_____ _____
Date of Receipt Print Name

_____
Signature

Return to:

(individually or as an officer, member or partner of)

Monical Pizza Corporation
530 N. Kinzie
Bradley, Illinois 60915

_____
(Name of corporation, limited liability company or partnership)
a _____ corporation
(State of incorporation)
a _____ limited liability company
(State of organization)
a _____ partnership
(State where partnership formed)

-- LAST PAGE --

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Please sign and print your name below, date and return one copy of this receipt to Monical Pizza Corporation and keep the other for your records.

_____ _____
Date of Receipt Print Name

_____
Signature

Return to:

(individually or as an officer, member or partner of)

Monical Pizza Corporation
530 N. Kinzie
Bradley, Illinois 60915

_____
(Name of corporation, limited liability company or partnership)
a _____ corporation
(State of incorporation)
a _____ limited liability company
(State of organization)
a _____ partnership
(State where partnership formed)