zpizza

zpizza

zpizza Tap ROOM

FRANCHISE DISCLOSURE DOCUMENT

Z PIZZA INTERNATIONAL, INC.
a California corporation
2601 Main Street, #910
Irvine, California 92614
949-222-5600
www.zpizza.com
zpizza@zpizza.com

We offer franchises for the operation of "ZPizza Restaurant" restaurants offering specialized pizza, pasta, sandwich and salad items using fresh ingredients for take-out, dine-in and delivery.

The total investment necessary to begin operation of a ZPizza franchised business is $249,000 to $359,000. This includes $30,000 that must be paid to the franchisor and/or its affiliate, as appropriate. The total investment necessary to begin operation of a ZPizza Tap Room is $472,500 to $767,000. This includes $30,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

If you are an area developer, you will pay a development fee equal to $30,000 for the first restaurant to be developed plus $15,000 for each additional restaurant to be developed under the Area Development Agreement. The development fee is applied pro rata to the initial franchise fees due for each restaurant to be developed after the first. If you commit to develop 2 restaurants, the total initial investment necessary to begin operation as an area developer is $264,000 to $782,000. This includes $45,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Christopher Bright at 2601 Main Street, #910, Irvine, California 92614 and (949) 222-5600.

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

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

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

Issuance Date: October 16, 2018

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AND AREA DEVELOPMENT AGREEMENTS REQUIRE THE FRANCHISEE TO ARBITRATE ONLY IN CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AND AREA DEVELOPMENT AGREEMENTS STATE THAT THE LAW OF CALIFORNIA GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $249,000 TO $767,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017, WHICH IS REPORTED AS ($542,507).

4. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2017 THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF ($461,871) AND A NET WORTH DEFICIENCY OF ($542,507).

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for the state effective dates.

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or be exempt from registration: California, Connecticut, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

California	Pending
Connecticut	
Florida	February 1, 2018
Hawaii	
Illinois	
Indiana	
Kentucky	January 25, 2005
Maine	Exempt
Maryland	
Michigan	
Minnesota	
Nebraska	June 7, 2006
New York	
North Carolina	Exempt
North Dakota	
Rhode Island	
South Carolina	
South Dakota	
Texas	October 21, 2004
Utah	
Virginia	
Washington	Pending
Wisconsin	

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EXHIBITS

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

The Franchisor

To simplify the language in this Disclosure Document, "we", "us" and "our" means ZPizza International, Inc., the Franchisor. "You" means the individual(s), corporation, partnership, joint venture, or other entity that buys the franchise from us. We are a California corporation, incorporated on January 22, 1999, and we maintain our principal place of business at 2601 Main Street, #910, Irvine, California 92614. Our telephone number is (949) 222-5600. We do not do business under any name other than that listed above. However, as described below, ZPizza Corporation, our licensor of the ZPizza marks has operated and licensed others to operate ZPizza restaurants since 1986. We have conducted business as an operator of pizza restaurants (the "Restaurant" or "ZPizza Restaurant" or "Tap Room" or "Franchised Business") since our incorporation in 1999. We have offered franchises since 1999.

We have no parent or predecessor. We have an affiliate, ZPizza Stores, Inc. (ZPSI), a California corporation formed on April 25, 2005, and which maintains its principal place of business at 2601 Main Street, #910, Irvine, California 92614. ZPSI has never conducted business in any other line of business nor has offered franchises in this or any other lines of business. From April 2005 to 2016, ZPSI operated a business of the type being franchised located in Hancock Park, Los Angeles, California ("Larchmont"). In 2012, ZPSI reacquired from a franchisee the ZPizza Restaurant located in Silver Spring, Maryland. In 2013, ZPSI reacquired from a franchisee the ZPizza Restaurant located in Washington, DC which closed in 2016.

ZPizza Corporation (sometimes referred to as "ZPC"), a California corporation wholly owned by Sid Fanarof, has licensed the ZPizza Restaurant system and the proprietary marks in connection with franchising ZPizza Restaurants worldwide to us (the "License"). The perpetual License agreement was signed on January 25, 1999. Per the License, ZPC retains the exclusive right to own and operate ZPizza Restaurants in Orange County, California; subject to our right to develop ZPizza Restaurants in specifically defined locations. ZPC also retains a nonexclusive right to develop five additional ZPizza Restaurants at other locations within the United States not otherwise subject to notification from us of our intention to develop or franchise others to develop ZPizza Restaurants. ZPC has also granted us an exclusive worldwide license outside of Orange County, California to open and operate ZPizza Restaurants. The address of ZPC is 909 Canyon View, Laguna Beach, California 92651.

ZPC has operated ZPizza Restaurants in Southern California since 1986. ZPC has never conducted business in any other line of business nor has offered franchises in any line of business, including the operation of pizza restaurants. ZPC has also entered into an agreement with a former shareholder allowing such shareholder to operate three ZPizza Restaurants at certain locations in southern California previously operated by ZPC and transferred to the shareholder.

We are solely in the business of offering and selling ZPizza franchises. We have never offered franchises in any other line of business. ZPizza opened its first restaurant in November 1999. ZPizza sold the Seal Beach, California location to a franchisee in 2014 and is the licensor of 17 Restaurants.

ZPC is solely in the business of owning and operating ZPizza Restaurants. ZPC opened the first ZPizza Restaurant in 1986. ZPC currently owns and operates ZPizza Restaurants in Laguna Beach, Corona Del Mar, Aliso Viejo, Crystal Cove, Harbor View, West Hollywood and Ladera Ranch, California.

Our agents for service of process are listed in Exhibit A.

The Franchise Offered

If we approve your application to become a franchisee, you will sign a franchise agreement ("Franchise Agreement"). Under a Franchise Agreement, we will grant you the right, and you will accept the responsibility, to establish and operate a Restaurant at an agreed upon location (the "Approved Location"). ZPizza restaurants are take-out, dine-in and deliver Italian oriented restaurants, featuring a hand crafted pizza, salad and sandwich menu. Tap Rooms also offer self-pour beers where permitted. The Pizza menu includes signature pizza recipes employing a broad selection of sauces, cheeses, fresh vegetables and other high quality ingredients. ZPizza's dough is prepared in each location, stretched by hand and baked in deck ovens. We offer our customers the opportunity to create their own pizza by offering over 35 different and unique pizza toppings. Our pizzas are offered in sizes from small to x-large. We also offer pizza by the slice. We take a more health conscious approach to preparing our food than other pizza chains. This is demonstrated through the standard use of part skim mozzarella versus whole milk, the organic ingredients in our signature products, the availability of gluten free crust and vegan cheese. Additionally, ZPizza restaurants offer a wide variety of hot and cold gourmet sandwiches. Specialty salads including "Greek" and "California" round out the menu.

We may also offer area development agreements ("Area Development Agreements") to qualified individuals, corporations, partnerships and limited liability companies ("Area Developer") in the United States. If you sign an Area Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Restaurants within an agreed-upon designated area (the "Exclusive Area"), under an agreed-upon timetable (the "Development Schedule"). Each Restaurant will be constructed and operated under a separate Franchise Agreement. The Franchise Agreement for the first Restaurant developed under the Area Development Agreement will be in the form attached to the Area Development Agreement. The Franchise Agreement for each additional Restaurant developed will be in the form of the Franchise Agreement we generally offer to new franchisees at that time.

Periodically we will enter into franchise agreements, area development agreements and other similar arrangements in which a franchisee or area developer will open and operate Restaurants at public transportation facilities, department stores, hardware stores, service station/convenience stores, toll roads, airports, military bases, shopping malls, and other non-traditional settings.

The System

We have developed and own a unique system for Restaurant operation (the "System") which imparts fresh quality pizzas, sandwiches and salads for take-out, dine-in and delivery. The System's distinguishing characteristics include distinctive exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance; and advertising and promotional programs, all of which may be periodically changed, improved and further developed by us.

The System is identified by our federally registered service mark "ZPizza®", and any other trade names, service marks and trademarks that we may designate otherwise in writing for use with the System (the "Proprietary Marks"). Your use of the Proprietary Marks is subject to certain restriction and approval by us and the terms of a license agreement between us, as licensee and ZPC, the registered owner of the Proprietary Marks, as licensor (the "License Agreement"). You must conduct the Franchised Business according to our Confidential Operating Manual (the "Manual"), a copy of which we will lend to you for the term of the Franchise Agreement. You may offer only those services and sell only those items and products that we specify or approve.

ZPizza restaurants may be established in a variety of locations including strip shopping centers and, to a more limited degree, free standing buildings and shopping malls. Generally, a ZPizza restaurant has approximately 1,100 to 1,600 square feet and, although primarily oriented to pick-up and delivery of the food, maintains seating for approximately 12-25 dine-in patrons. Approximately 80% percent of sales are for off-premises consumption. The Restaurants may include alcoholic beverage service, at your option.

Market and Competition

The market for pizzas, salads and sandwiches includes the general public.

The restaurant food service business is highly competitive with respect to price, service, location and food quality, and is often affected by changes in consumer taste, economic conditions and travel patterns. There is also active competition for quality management personnel, as well as attractive sites suitable for such restaurants. We compete within each market with locally owned pizza parlors, national pizza chains, full service and quick service restaurants and delivery services. The nationally owned restaurants for franchises, for the most part, operate more restaurants and have greater financial resources and a longer operating history than ZPizza. However, we believe that our hand crafted approach to making pizza, our unique recipes for sauces and toppings, our use of healthy fresh and organic ingredients, in-store dough preparation, our broad selection of delivery pizzas, and the uniqueness of our System will make our Restaurants a strong competitive force.

Industry Specific Regulations

You must comply with all local, state and federal laws that apply to your Restaurant operations, including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses and operational licenses. If we approve your request to sell beer and wine, or to operate vending machines, you will have to obtain appropriate permits and licenses. These licenses are subject to strict regulation by the alcoholic beverage control authorities. There may be other laws applicable to your business and we urge you to make further inquiries about these laws.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The United States enacted the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "USA Patriot Act"). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity. You may review the Patriot Act and related regulations at: http://epic.org/privacy/terrorism/hr3162.html.

We sell franchises through independent third party sales agents. Our third party sales agents may not represent us exclusively and may represent other brands that may be potential competitors. Information regarding other brands independent sales agents may represent can be obtained from the agent. In addition, our independent third party sales agents or individuals associated with our independent third party sales agents, may, in the future, own interests or become investors in or be a franchise broker for other franchise food chains, some of which may directly compete with us.

ITEM 2
BUSINESS EXPERIENCE

Sid Fanarof – Chairman of the Board and Director

Mr. Fanarof is the founder of the Z Pizza concept. He has been President of ZPC which has owned Z Pizza restaurants since 1986. He was also President since Our inception in 1999 until Christopher Bright was elected as President. In such capacity he oversees the operations of Z Pizza. Mr. Fanarof will also oversee all training of franchisees.

Christopher Bright - President/Treasurer and Director

Mr. Bright has been Our Treasurer since Our inception in 1999 and was recently elected as President. He is responsible for overseeing the financing operations of Z Pizza. Since August 2000, Mr. Bright has been the Chief Financial Officer of Fransmart, Inc. ("Fransmart") in Alexandria Virginia. Fransmart is Our franchise broker and will be primarily responsible for marketing and servicing Our licensed Restaurants. Mr. Bright is also Vice President of Rowe Bright Company, Inc. ("Rowe Bright") since its inception in 1992. From 1993 to 1995 Mr. Bright was employed by FMC Opinions, a valuation company specializing in the valuation of mid- to large-sized privately held companies.

Daniel Rowe - Vice President and Director

Mr. Rowe has been Our Vice President since Our inception in 1999. Mr. Rowe has been the Chief Executive Officer of Fransmart, located in Alexandria, Virginia, since May, 2000. Mr. Rowe also has acted as President of Franchise Development Company ("FDC") since January, 1996, and as President of FDC's parent company, Rowe Bright Company, Inc. ("Rowe Bright") since January, 1996, also located in Alexandria, Virginia.

Brandi Babb, Director of Training

Ms. Babb has been our Director of Training since January 2010. Prior to that, from 2007 to December 2009, she was with Real Mex Restaurants, Inc. located in Cypress, California.

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 uniform initial franchise fee of $30,000 ("Initial Franchise Fee"). The Initial Franchise Fee is paid in a lump sum when you sign the Franchise Agreement and is non-refundable. The sum of $30,000 is payable by all franchisees who buy a franchise. If you fail to find an approved location within nine months after you sign your Franchise Agreement, we can terminate your Franchise Agreement and we keep the entire Initial Franchise Fee. If you fail to complete our training program to our reasonable satisfaction, we have the right to terminate your Franchise Agreement and refund all but $5,000 of the Initial Franchise Fee.

Area Development Agreement

When you sign the Area Development Agreement, you must pay us a development fee equal to $30,000 for the first Restaurant to be developed plus $15,000 for each additional Restaurant to be developed under the Area Development Agreement. For each Restaurant developed after the first, we will apply $15,000 toward the Initial Franchise Fee due under the Franchise Agreement. The balance of the Initial Franchise Fee due, or $15,000, is payable immediately upon execution of a lease or purchase agreement for the Restaurant or 90 days before the scheduled opening of the Restaurant, whichever occurs first. We also reserve the right to adjust this formula depending upon the size of the area and the financial ability of our developer. The development fee must be paid in a lump sum and is non-refundable.

You are not required to purchase anything from us before opening the Franchised Business.

ITEM 6
OTHER FEES

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
Royalty	6% of Gross Sales for Restaurants and Tap Rooms	Payable weekly by the Tuesday of the following week	"Gross Sales" means all revenue from the sale of services and products and all other income related to the Franchised Business, except sales taxes. Royalty Fees are payable by automatic debit, and funds must be made available in your account for withdrawal. See note 2
National Ad Fund	2% of Gross Sales	Payable weekly by the Tuesday of the following week	This fee is due and payable at the same time and in the same manner as the Royalty Fee.
Local Advertising	1% of Gross Sales	Must be spent monthly	This 1% contribution will be in addition to any National Ad Fund contributions.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
Transfer	$5,000 for a single franchise or to transfer the Area Development Agreement	On or before the date of the proposed transfer	No fee is imposed for transfers to a corporation or other entity you form for the convenience of ownership
Audit by us	Cost of the audit	15 days after billing	Payable only if audit shows an understatement on underpayment of at least 2% of Gross Sales for any week. This fee is paid to a third party
Interest on Overdue Payments	18% per annum	15 days after billing	If you do not pay your royalties or ad fund contributions on time and in the amount due, we may require you to pay interest on the overdue amounts
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us. This may not be enforceable under California law.
Securities Offering	$5,000	Upon request	If you propose to make an offering of any securities, you must reimburse us for our reasonable costs (including attorneys' and accounting fees) in evaluating your proposed offering
Costs and Attorneys' Fees	Will vary under circumstances	Upon request	If you default under a franchise or area development agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Indemnification	Will vary under circumstances	Upon request	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or in connection with any offer of your securities, or for costs associated with defending claims that you used the trademarks in an unauthorized manner

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
Renewal Fee	$5,000	Before renewal	You will only need to pay this fee if you renew the Franchise Agreement. There is no renewal under the Area Development Agreement.
Non-Compliance Fine	$500 for the first violation; and $1,000 if violation is not corrected within 90 days	If incurred	In addition to other remedies available to us
Additional Training Fee	$1,000 per person plus your out-of-pocket costs and expenses such as lodging, meals, etc.	10 days before training	We train two persons free of charge
Additional Assistance	Our then-current per diem fee, plus our expenses (per diem fee is currently $500)	Within 30 days of billing	If you request our assistance after your Restaurant opens.
Refurbishing of Restaurant	Not to exceed $20,000	Not more often than once every five years	We may require you to refurbish your Restaurant to meet our then-current image for all Restaurants in the System
Supplier or Product Testing	Actual costs	At time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved. May be paid by suppliers. This fee is paid to third party vendors
Application Service Provider Fees	$85 per month		This fee is paid to CTUIT, which provides leased software and warehouse storage for all of your sales records
POS System Service and Upgrades	$800-$1,500 (approximate)	Per Year	You must maintain a contract for service and upgrades with the POS system vendor
Violation of Non-competition Covenant	$500 per week	As incurred	If you violate the covenant not to compete in the Franchise Agreement
Gift Cards	See note 3		

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Date Due	Column 4 Remarks
Credit Enhancement Fee	5% of annual rent	Monthly	If your landlord requires us to guarantee your performance under the lease in exchange for the landlord consenting to our lease assignment rights
Monthly Inventory	$8,000 to $10,000	As incurred	This is the approximate costs for your monthly inventory, which will vary depending on sales volume.

Notes:

1. Except as noted, we impose and collect all fees. All fees payable to us are non-refundable. Fees payable to suppliers are refundable at their discretion.

2. We may require payment by other than automatic debit, and you must comply with our payment instructions. If you do not report the Restaurant's Gross Sales, we may debit your account for 120% of the last Royalty Fee that we debited. If the Royalty Fee we debit is less than the Royalty Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee we debit is greater than the Royalty Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week. You must keep a minimum balance of $5,000 in your bank account.

3. You must participate in our Gift Card program when it is established. Gift Cards will be available for sale and redemption at any Restaurant in the System.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT –RESTAURANT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee (1)	$30,000	Lump Sum	On signing Franchise Agreement	Us
Leasehold Improvements, Construction Cost (2)	$80,000 - $110,000	As Incurred	As Agreed	Supplier
Lease Payments and Other Rental Expenses (3)	$12,000 - $24,000	As Arranged	As Arranged	Landlord

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Furnishing Equipment & Signage Installed (4)	$85,000 - $100,000	As Arranged	As Incurred	Suppliers
Travel & living expenses while training (5)	$2,500 - $5,000	Lump Sum	As Incurred	Supplier
Pre-Opening Expenses (6)	$8,500 - $12,000	As Incurred	As Incurred	Suppliers
Grand Opening Advertising (7)	$10,000	As Incurred	As Incurred	Suppliers
Opening Inventory (8)	$4,000 - $6,000	As Incurred	As Incurred	Suppliers
Initial Operating Capital (9)	$12,000	As Incurred	As Incurred	Third Parties
Additional Funds (3 months)	$5,000 - $50,000	As Incurred	As Incurred	Third Parties
TOTAL (10)	$249,000 - $359,000			

YOUR ESTIMATED INITIAL INVESTMENT – TAP ROOM

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee (1)	$30,000	Lump Sum	On signing Franchise Agreement	Us
Leasehold Improvements, Construction Cost (2)	$150,000 - $225,000	As Incurred	As Agreed	Supplier
Lease Payments and Other Rental Expenses (3)	$10,000 - $120,000	As Arranged	As Arranged	Landlord
Furnishing Equipment & Signage Installed (4)	$150,000 - $200,000	As Arranged	As Incurred	Suppliers

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Travel & living expenses while training (5)	$2,500 - $5,000	Lump Sum	As Incurred	Supplier
Pre-Opening Expenses (6)	25,000 - $30,000	As Incurred	As Incurred	Suppliers
Grand Opening Advertising (7)	$20,000	As Incurred	As Incurred	Suppliers
Opening Inventory (8)	$10,000 - $12,000	As Incurred	As Incurred	Suppliers
Initial Operating Capital (9)	$50,000	As Incurred	As Incurred	Third Parties
Additional Funds (3 months)	$25,000 - $75,000	As Incurred	As Incurred	Third Parties
TOTAL (10)	$472,500 - $767,000			

Notes:

1. In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable in certain circumstances. We do not finance any portion of your initial investment.

   The initial franchise fee is discussed in detail in Item 5 above. It is not refundable, except as discussed in Item 5. This fee may be different if development rights are purchased. Amounts paid to suppliers or third parties (other than us) may or may not be refundable, depending on the arrangement you make with your supplier.

2. Leasehold improvement and construction costs vary significantly depending on the condition, location, size and configuration of the Restaurant premises, the layout of the mall or retail center, and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. You will contract directly with the architect, construction contractor and possibly other construction suppliers on terms negotiated by you. This estimate is based on square foot charges of $75-$100 per square foot for interior improvements. Leasehold improvements do not include exterior costs.

   The Restaurants will generally occupy between 2,000 and 2,400 square feet. In some instances the Restaurants may be larger depending on the size of available sites and/or franchisee preferences. Calculations regarding estimates for leasehold improvements, building construction and site work are based upon Restaurants of 2,000 to 2,400 square feet.

3. The figures are for the initial phase (3 months) of the business for rent and assume that the premises of the Restaurant will be in a strip shopping center or urban location ranging in size from approximately 2,000 to 2,400 square feet. Further, the figures assume base annual rental rates ranging from $30 to $50 per square foot. Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges") for the mall and for the food court, your pro rata share of the real estate taxes and insurance for the mall, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of changes that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

4. You must lease or purchase, as arranged by you, the following: kitchen equipment package and smallwares, display stands, interior décor packages (tables, chairs, accessories, paneling, lighting, ceiling treatments, floor treatments and artifacts), decorations, phones, point-of-sale register and computer equipment and software, security system, safe, music system and signs. Signs include exterior and interior signs. Local code restrictions may restrict the signage available for a certain restaurant and affect the costs.

5. The travel and living expenses for trainees will depend upon factors such as travel distance, quality of accommodations, wages and per diem allotment. The estimate in this table includes expenses for two trainees.

6. Pre-opening expenses do not include costs associated with local codes and licensing such as liquor licenses, tap-in fees and related costs which will vary from one jurisdiction to the next. You must obtain all necessary business licenses, permits and approvals to operate the Restaurant. This includes one year's estimated insurance premium for property and liability insurance. The cost of insurance varies depending on many factors such as driving records and where you or your drivers live. You should contact your insurance agent and obtain an estimate of your actual insurance costs. This amount also includes on-site training staff expenses, uniforms, linens, smallwares, first aid supplies, office supplies, initial cleaning supplies, gift certificates, menus and other printed items and opening cash drawer.

7. You must submit your grand opening marketing plan and budget a minimum of 30 days before your Restaurant's opening for approval. If this is not received by us, you must pay us the minimum marketing funds allocated to the grand opening as stated in this Item 7 for us to spend on your grand opening for you.

8. You may be required to purchase certain recipe items which constitute a key component of the System. Also included in this number is the opening food inventory. The amount of your initial inventory will vary depending on the sales volume you anticipate for your Restaurant and on current market prices.

9. The amount of working capital needed will depend on the time necessary to achieve cash flow to cover operating expenses. This amount is the minimum recommended for a three month contingency. Shortfalls of capital may arise from independent factors such as labor shortages, delays in construction of delivery and installation of leasehold improvements and equipment; or possible recession. If you commence operations with inadequate cash, you may experience a total loss of your investment.

   This category includes estimated payroll, utilities, vendor, advertising, promotion, royalties, advertising fund fees and similar costs during the initial phase of a new Restaurant. We cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors such as how much you follow our System and procedures, the local market for purchasing food products, the prevailing wage rate, competition, and the sales level reached during the initial period.

10. In preparing Estimated Costs disclosures we drew from the experience that ZPC has gained in operating ZPizza Restaurants and our 17 years of experience. Except for security deposits, none of the above payments are expected to be refundable.

Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert to a ZPizza, liquor licenses, your management skill, experience, and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

YOUR ESTIMATED INITIAL INVESTMENT – AREA DEVELOPER

If you become an area developer, you will pay a development fee equal to $30,000 for the first Restaurant to be developed plus $15,000 for each additional Restaurant to be developed under the Area Development Agreement. The development fee is applied pro rata to the initial franchise fees due for each Restaurant to be developed after the first. For each business you develop under the Area Development Agreement, you can expect to have an initial investment as estimated above for a start-up franchise, subject to potential increases over time or other changes in circumstances. If you sign an Area Development Agreement, your professional fees such as legal and financial may be higher.

For example, if you sign an Area Development Agreement to open 2 Restaurants under separate Franchise Agreements, the following chart shows your estimated initial investment, based on the 2 tables of this Item 7.

Item	Estimated Cost	Method of Payment	When Due	To Whom Paid
Development Fee ($30,000 for 1st business and $15,000 for the 2nd business)	$45,000	Lump Sum	When Area Development Agreement is Signed	Us
Other Expenditures** for first Restaurant or Tap Room	$219,000 - $737,000	As Disclosed in Above Tables	As Disclosed in Above Tables	As Disclosed in Above Tables
Total	$264,000 – $782,000			

**The other costs to develop ZPizza businesses may be affected by factors including inflation, local labor costs, materials cost and other factors not within our control.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The pizza and pasta sauces, doughs for pizza crusts, spices, cheeses, and certain other food products produced for us are distinctive as a result of being specifically produced following secret formulas and processes. Such food products are intended to be uniquely identified with ZPizza Restaurants as inherent to the uniformity of the taste and quality of the food served. The reputation and goodwill of ZPizza Restaurants will, in part, be based upon and, in our view, can be maintained only by, the use of such food products sold at a ZPizza Restaurant. Therefore, your Restaurant will only be allowed to prepare and offer for sale food products using sauces, doughs, spices, cheeses and other items produced by suppliers recommended by us (or any affiliate created by us for the sale of such products). As of January 1, 2018, the designated supplier of pizza dough is Pizza Blends LLC headquartered in San Antonio, Texas.

Currently, we do not derive revenues as a result of required purchases or leases except for purchases of the pizza dough. For fiscal year ended December 31, 2017, we did not earn any revenues from required purchases or leases. The initial start-up costs associated in purchasing inventory per location is approximately $4,000 to $6,000. The recurring monthly inventory costs would be approximately $8,000 to $10,000, depending on sales volume.

In the future, you may be required to purchase other food components, supplies, merchandise, equipment and leasehold improvements and decorations from ZPizza or its approved suppliers, if required.

There are no approved suppliers in which any of our officers owns an interest.

If you give ZPizza notice that you wish to purchase ingredients, suppliers, furnishings or equipment from reputable, dependable sources other than those designated, we will not unreasonably withhold the prompt approval, which will be within 30 days or receipt of written request and must be in writing, of such purchases provided such purchases conform to the appearance, uniformity, quality, size or portion (and, where applicable, taste) standards, and other specifications of ZPizza. Your notice must be given sufficiently in advance to permit supplier and specifications verification and testing. We may require that samples from alternate suppliers be delivered to us or to a designated independent testing laboratory for testing before approval and use. A charge not to exceed the actual cost of the test may be made by us or by an independent testing laboratory designated by us and must be paid for by you. We may periodically require that such testing be performed again at your expense to ensure that the manufacturer or supplier has continued to meet our standards. The formulation and modification of specifications for all products and operations is controlled strictly by us to ensure quality and consistency and will be subject to our exclusive discretion.

In the development and operation of your Restaurant, you must use only brands, equipment, signs, display of Proprietary Marks, fixtures, and furnishings that meet our specifications and only from suppliers designated or approved by us. The names of approved suppliers and our criteria for approving or revoking suppliers will be provided to all franchisees. Any change in our criteria, testing methods, or the list of approved suppliers will be distributed to all franchisees in periodic bulletins and revisions to the Manual or upon your request. The cost of purchasing approved or required inventory, supplies, fixtures, equipment and construction items is estimated to constitute approximately 40% to 50% of total purchases you will make in connection with the establishment of your Restaurant, and approximately 20% to 30% of total purchases in connection with the operation of your Restaurant.

We may monitor all suppliers to be used by you. If we receive any monitoring fees, rebates or allowances from suppliers, these sums will not reduce amounts owed to the suppliers by you. We will deposit all these fees, rebates and allowances to the National Ad Fund. You will receive no additional material benefits based on your use of approved suppliers. At the current time there are no purchasing or distribution cooperatives.

You must purchase an approved POS system, and you must have a high speed internet connection attached to this POS system with a static IP address. You must use CTUIT, an application service provider, which provides leased software and warehouse storage for all sales records to each of your location, and will cost $85 per month. Currently, we use the FireFly Technologies/Phoenix POS System. You must also engage and use our current Online Ordering vendor, TakeOut Technologies and use our current Call Center vendor, Exit41, Inc.

We do not currently require you to purchase or lease from us or our affiliate any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of your Franchised Business.

We may modify specifications for construction, equipment, products and supplies and may amend our list of approved suppliers as we, in our sole discretion, deem appropriate and in the best interest of us and our franchisees. We maintain a list of approved suppliers. We do not currently maintain a written criteria for approving suppliers. We grant and revoke approval of suppliers through notice to our suppliers and franchisees.

There are no categories of goods or services for which we or any affiliate of ours is an approved supplier or the only approved supplier.

As noted in Item 11 below, we will have the right to review and approve all marketing plans and promotional materials that you propose to use. We will maintain high quality food products by maintaining high quality standards for such products. You may not implement any marketing plan or use any promotional material without our prior written consent.

We do not give material benefits on our franchisees based on use of designated or approved suppliers.

Insurance

Franchise Agreement

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must be issued by insurers rated A+ by A.M. Best and Company, Inc. and provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Restaurant. Required insurance will include, but not be limited to, comprehensive general liability coverage, including employment practices coverage; personal injury coverage; automobile coverage, including underinsured or uninsured coverage; and property damage coverage. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manual. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for ZPizza Restaurants. If we do so, we may require that you obtain your insurance through the designated carrier(s).

Presently we require you to maintain the following minimum insurance amounts: (1) comprehensive general liability, including broad form contractual liability, employment practices coverage, broad form property damage, personal injury, facilities, completed operations, products liability, automobile (covering all vehicles used in the delivery of products from the Restaurant, including owned, hired and non-owned vehicles), fire legal liability and liquor liability (if serving alcoholic beverages) in the amount of $1,000,000; (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Restaurant with an agreed amount endorsement equal to 100% of the property's value; (3) employer's liability, workers' compensation, dramshop, and such other insurance as may be required by statute or rule of the state or locality in which the Restaurant is located and operated; and (4) business interruption insurance of at least 50% of your annual gross sales excluding payroll, including naming us as an additional insured and loss payee for royalties that would have been paid by you based on the Restaurant's Gross Sales during the preceding 12 month period.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Article/Section in Agreement	Item(s) in Disclosure Document
a. Site selection and acquisition/lease	Franchise Agreement: II and VII Area Development Agreement: III	6, 7, 11
b. Pre-opening purchases/ leases	Franchise Agreement: II, VII, VIII and IX Area Development Agreement: Not Applicable	7, 8, 11
c. Site development and other pre-opening requirements	Franchise Agreement: II, VII, VIII and IX Area Development Agreement: Not Applicable	7, 8, 11
d. Initial and ongoing training	Franchise Agreement: II, IV, VI and XX Area Development Agreement: Not Applicable	7, 11
e. Opening	Franchise Agreement: II, VI and VII Area Development Agreement: Not Applicable	11
f. Fees	Franchise Agreement: V, VIII, IX, XI and XX Area Development Agreement: II and III	5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	Franchise Agreement: IV, VIII, XI and XV Area Development Agreement: Not Applicable	8, 11, 16
h. Trademarks and proprietary information	Franchise Agreement: III, VIII and XI Area Development Agreement: VII	13, 14
i. Restrictions on products/ services offered	Franchise Agreement: VII Area Development Agreement: VII	8, 16

Obligation	Article/Section in Agreement	Item(s) in Disclosure Document
j. Warranty and customer service requirements	Franchise Agreement: Not Applicable Area Development Agreement: Not Applicable	None
k. Territorial development and sales quotas	Franchise Agreement: Not Applicable Area Development Agreement: III	12
l. Ongoing product/service purchases	Franchise Agreement: VIII Area Development Agreement: Not Applicable	8, 16
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: VIII and XV Area Development Agreement: Not Applicable	11
n. Insurance	Franchise Agreement: XII Area Development Agreement: Not Applicable	7
o. Advertising	Franchise Agreement: IX Area Development Agreement: Not Applicable	6, 7, 11
p. Indemnification	Franchise Agreement: XIII Area Development Agreement: XIV	6
q. Owner's participation/ management/staffing	Franchise Agreement: VIII and XIX Area Development Agreement: VII	15
r. Records/reports	Franchise Agreement: X Area Development Agreement: Not Applicable	6
s. Inspection/audits	Franchise Agreement: VII and X Area Development Agreement: XII	6, 11
t. Transfer	Franchise Agreement: XX Area Development Agreement: XI	6, 17
u. Renewal	Franchise Agreement: IX Area Development Agreement: V	6, 17
v. Post-termination obligations	Franchise Agreement: XVIII Area Development Agreement: X	17
w. Non-competition covenants	Franchise Agreement: XIV Area Development Agreement: XII	17
x. Dispute resolution	Franchise Agreement: XXX Area Development Agreement: XIX	17
y. Other (describe)		

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

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

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

Pre-Opening Obligations

1. Area Development Agreement

Except as listed below, we need not provide any assistance to Area Developer.

a. We will grant to you exclusive rights to a Development Area within which you will assume the responsibility to establish and operate an agreed-upon number of Restaurants within the Development Area under separate Franchise Agreements (Area Development Agreement – Section 1.1).

b. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Restaurant (Area Development Agreement – Section 8.1).

c. We will provide you with standard specifications and layouts for building and furnishing the Restaurant (Area Development Agreement – Section 8.2).

d. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Area Development Agreement – Section 8.3).

e. We will provide such other resources and assistance as may be developed and offered to our area developers (Area Development Agreement – Section 8.5).

2. Franchise Agreement

Except as listed below, we need not provide any assistance to you. Before you open the Restaurant we will:

a. We will accept or deny a location you propose for the Restaurant within 30 days after we receive the complete site report and other materials we request. We do not guarantee the success of any site or any lease (Franchise Agreement – Articles 2.1, 2.2 and 2.3). The sites will meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site.

b. Give you mandatory and suggested specifications and layouts for your Restaurant, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme (Franchise Agreement – Article 2.4).

c. Loan you one copy of the Manual (Franchise Agreement – Article 11.1).

d. Train you and your manager (Franchise Agreement – Article 2.8). This training is described in detail later in this Item.

Continuing Obligations

1. Franchise Agreement

During the operation of the Restaurant, we will:

a. Advise you regarding operating issues concerning the Restaurant disclosed by reports you submit or inspections we make. In addition, we will give you guidance on standards, specifications and operating procedures and methods used by other Restaurants in the System; new recipe items, menu variations, food preparation and display methods; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations at our office or the Restaurant (Franchise Agreement – Article 7.5).

b. May review and approve or disapprove of proposed advertising materials prepared by you for use in local advertising (Franchise Agreement – Article 9.4).

c. Inspect and observe the operations of the Restaurant periodically to determine whether you and the Restaurant are complying with the Franchise Agreement and all System standards (Franchise Agreement – Article 7.6).

d. Administer the advertising fund in the manner described in the Franchise Agreement (Franchise Agreement – Article IX).

2. Area Development Agreement

The above services will be provided to each Area Developer for each Franchise Agreement that the Area Developer signs under the Area Development Agreement.

National Ad Fund

We have established a National Ad Fund (the "National Ad Fund") for such advertising, marketing and public relations programs as we, in our sole discretion, may deem necessary or appropriate to promote "ZPizza" Restaurants. We will administer the Fund as follows:

We will direct all advertising and public relations programs financed by the National Ad Fund, with sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The National Ad Fund will establish and maintain an internet presence. The National Ad Fund may be used to pay the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; providing a toll-free number for prospective customers to call for referral purposes; and providing promotional brochures and other marketing materials to franchisees in the System). Also monies in the National Ad Fund may be used to cover administrative costs and overhead we may incur including salary costs of employees working exclusively for the National Ad Fund, up to 20%. You must participate in all advertising and public relations programs instituted by the National Ad Fund. All Restaurants owned by us or our affiliates will contribute to the National Ad Fund on the same basis as you. See Item 6 for the amount you must contribute to the National Ad Fund.

The National Ad Fund will be accounted for separately from our other funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Restaurants to the National Ad Fund in that year and the National Ad Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the National Ad Fund or cause the National Ad Fund to invest any surplus for future use by the National Ad Fund.

You authorize us to collect for remission to the National Ad Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not be credited toward your required contribution to the National Ad Fund.

A statement of monies collected and costs incurred by the National Ad Fund will be prepared annually by us and will be furnished to you upon written request. We will have the right to cause the National Ad Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and such successor entity will have all our rights and duties.

The National Ad Fund is intended to maximize recognition of the Proprietary Marks and patronage of ZPizza Restaurants generally. Although we will endeavor to utilize the National Ad Fund to develop advertising and marketing materials and programs, and to place advertising, to benefit all Restaurants, we undertake no obligation to ensure that expenditures by the National Ad Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by the Restaurants operating in that geographic area or that any Restaurant will benefit directly or in proportion to its contribution to the National Ad Fund from the development of advertising and marketing materials or the placement of advertising. Your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the National Ad Fund. We have no fiduciary obligation to you or any other Restaurant in connection with the establishment of the National Ad Fund or the collection, control or administration of monies paid into the National Ad Fund. Except as stated in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the National Ad Fund. See Items 6, 8 and 9 of this Disclosure Document. (Franchise Agreement – Article IX.)

The National Ad Fund may place advertising in any media, including print, radio and television. The coverage is typically regional and national in nature. Advertising may be developed in-house and/or by regional and national advertising agencies. No money will be spent by the National Ad Fund to solicit new franchisees. Monies not spent in a particular year will be carried forward to the following year.

National Ad Fund expenditures for 2017, expressed as a percentage of total National Ad Fund revenues, were:

Production:	60.0%
Media Placement:	0.0%
Administrative Expense:	20.0%
Other (website development and consulting):	20.0%*
Total:	100.0%

* We have borne the costs of developing a website. However, we expect to fund future website enhancements through the National Ad Fund.

Local Advertising

Our franchisee advertising program requires franchisees to spend 1% of their Gross Sales on local advertising. Each franchisee will be responsible for spending and accounting for their own advertising expenditures. Local advertising will be print media such as hand leaflets, post card mailers, etc. Artwork will be provided by our advertising department. You will be responsible for printing and distribution costs. You may use your own advertising including any internet and webpage advertisement only if pre-approved by us in writing before dissemination.

You must obtain and maintain a bold listing in your local white pages directory under the name "ZPizza Restaurant". If other Restaurants are located in your area, you must participate in any local advertising cooperative that we establish, if we require your participation. Your participation may include paying a pro rata share of a yellow pages advertisement, but if no other Restaurants are located in your area, you must maintain a yellow pages advertisement in the form we specify. The cost of any white pages or yellow pages advertising will count toward your local advertising requirement. You may not solicit business through a toll-free number, direct mail, internet, or other advertising method without our prior written consent. (Franchise Agreement – Article 9.3).

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe periodically. You must submit to us, in the form and manner we prescribe, for prior approval, samples of all advertising and promotional materials not prepared or previously approved by us, including materials you wish to present on a website. If you do not receive written or oral disapproval within 10 days from the date of our receipt of such materials, we will be deemed to have approved the submitted materials. You may not use any advertising or promotional materials that we have not approved, have disapproved or that do not include the copyright registration notices and trademark registration notices we designate (Franchise Agreement - Article 9.4). You are not permitted to have or advertise on the Internet or World Wide Web without our prior written consent (Franchise Agreement – Article 9.6).

National Advertising Council

We have formed an advertising council composed of us and three active franchisees selected and elected by vote of the active franchisees at the time of the vote. The council has decision-making power to affect advertising policies. We have the sole discretion and power at any time to form, change, merge or dissolve the advertising council, the National Ad Fund or any Cooperative.

Computer Systems

You must keep your books and business records according to our formats. To help your reporting to us and other communications, you must purchase or lease an electronic cash register in your Restaurant, which must be purchased or leased from FireFly Technologies/Phoenix, whose telephone number is 866-678-6781 and whose web address is www.fireflypos.com. You must also use our online ordering service which will be handled by a third party. In 2018, we are introducing a mobile application ("app") that will be used by all our U.S. Restaurants. This mobile app is provided by a third party supplier, LevelUp, and will be branded as a ZPizza app. Currently, we use the FireFly Technologies/Phoenix POS System ("POS"). The system is made up of two terminals, CPU computer, cash register, touch screen monitor and software. The total cost of this configuration and associated installation and training by the local vendor used by us has been approximately $14,000. The average yearly cost for service and upgrades is approximately $800 to $1,500. The principal function of the system is to capture, track, organize the customer database and financial information including sales, taxes, inventory and transactions. You must maintain a high speed internet connection at all times. Our requirement for your cash register and/or computer system is that we must be able to poll your daily receipts figures from our headquarters at any time. We require your system to be interfaced with the system that we maintain at our offices and we will be able to independently access your registers to determine your daily receipts. We will be able to independently access the system whenever we want. (Franchise Agreement - Article 10.1.) We may require computer hardware and software upgrades in the future. The frequency could be annually or biennially; they would be at your cost.

The POS system must utilize a "prechecker" which sends food orders to the kitchen while simultaneously registering the sale of the item on the guest check. The system must be able to account for sales by menu item and summarize transactions between food sales and beverage sales. The POS system must be able to track the number of customers served by serving period. Daily reports must include a print-out detailing sales by food and beverage groups, number of persons served, and an accounting of cash and credit card sales. This sales information must be available for inspection and analysis by us or our agents for the purpose of verifying the accuracy of all the data and assisting you in conducting a statistical analysis of your business. None of the hardware or software is our proprietary property. We currently pay for a service agreement with the local vendor for systems for repair and diagnostic services for the hardware. We have no affiliation with the local vendor and you are not required to use the local vendor.

You must maintain a high speed internet connection attached to the POS system with a static IP address. You must use CTUIT, an application service provider which provides leased software and warehouse storage for all sales records to each of your location, and which will cost $85 per month.

All data that you provide that we download from your system and that we otherwise collect from you is owned exclusively by us, and we will have the right to use that data in any way that we deem appropriate without compensating you.

You must keep your cash registers and computer system in good repair, at your expense, and you must promptly install additions, changes, modifications, substitutions and replacements to the cash register and computer system as we may reasonably require. You will have the sole and complete responsibility for: (a) acquiring, operating, maintaining and upgrading your own cash register and computer system; (b) the manner in which your cash register and computer system interface with our computer systems, if any, and the computer systems of third parties; and (c) all consequences that may arise if your cash register and computer system is not properly operated, maintained and upgraded.

You must engage and use our current Call Center vendor, Exit41, Inc., with its corporate headquarter located at Three Dundee Park, Andover, Massachusetts 01810, and whose telephone number is 978-749-9000, and whose web address is www.exit41.com.

You must also engage and use our current Online Ordering vendor, TakeOut Technologies, with its corporate headquarter located at 25910 Acero, Suite 260, Mission Viejo, California 92691, and whose telephone number is 877-832-4366, and whose web address is www.takeouttech.net.

Confidential Operations Manual

The table of contents from our Confidential Operations Manual is attached to this Disclosure Document as Exhibit E and consists of approximately 137 pages.

Site Selection

If you have found a site which you believe to be suitable for a Restaurant, you will be required to submit a completed site approval package to us (the "Site Approval Package") and other materials which we may reasonably require. We will have 15 business days to approve or disapprove a site you propose. (Area Development Agreement – Section 3.1; Franchise Agreement – Article 2.1).

Our site selection and/or acceptance is based on residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. We must approve any site selected, but our consent will not be unreasonably withheld. You must sign a Conditional Assignment of Lease in a form designated by us. If you cannot find a suitable site or we and you cannot agree on a site within nine months from signing the Franchise Agreement, we can terminate the Franchise Agreement and keep the Initial Franchise Fee.

Opening the Franchised Business

We estimate that there will be an interval of approximately six to nine months between the execution of the Franchise Agreement and the opening of the Restaurant for franchisees and area developers but the interval may vary based upon such factors as the location and condition of the site, the construction schedule for the Restaurant, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. You may not open the Restaurant for business until: (1) we approve the Restaurant as developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; and (4) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. You must sign your lease for the Restaurant within 90 days after the execution of the Franchise Agreement.

Training

Our training program consists of six weeks of instruction by our current management team concerning all aspects of the operation and management of the Franchised Business. The training includes review and discussion of the Manual and all aspects of the operation of your business. The training will take place at a designated location or at company owned Restaurants in Southern California, at our headquarters, or at another location we designate, and will be managed by Brandi Babb who currently serves as Our Director of Training. Her responsibilities will include overseeing and coordinating on-site training. Training will be conducted by a mentor who is an acting general manager of an existing ZPizza restaurant and who has completed the ZPizza training program. The minimum experience of Brandi Babb and the instructors in the field that is relevant to the subject taught and our operations is from 1 to 7 years. The training program is four weeks for general managers, and two weeks for kitchen managers, and is completed approximately four weeks before opening of the Restaurant. All training must be completed to our satisfaction. Training classes are held for each franchisee as needed.

In addition, we will send in a designated number (up to 2) of our training staff for a period of three days before opening and seven days following the opening of your Restaurant. You are responsible for their expenses. We may require that you and/or your designated manager(s) attend such further training programs as we will periodically reasonably prescribe and require that you and/or your designated manager(s) complete the programs to our satisfaction. There may be a fee for refresher courses. The fee will be primarily to compensate the personnel who teach the courses and to defray the expenses of such courses.

The instructional material we use in our training program includes the following manuals: Operations Manual; Store Operations Manual; Kitchen Training Module; Standardized Recipe Manual; Equipment Specifications Manual; Kitchen Operations Manual; and Counter Service Training Module. We may also include additional training materials that we deem will be beneficial to our trainees. Currently we project the following training schedule, which is subject to change:

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	**Hours of classroom instruction**	**Hours of on-the-job training**	**Location**
Instruction and Orientation	4	0	Southern California
Sanitation and Safety		4	Southern California
Standardized Recipes and Preparation Methods		40	Southern California
Production Scheduling, Ordering and Receiving		40	Southern California
Kitchen Organization Equipment Maintenance		6	Southern California
Floor Service Procedures including Customer Service, Upselling, Sanitation, Product Preparation		20	Southern California
Line and Counter Service including Upselling, Sanitation, Product Preparation/Delivery Procedures		20	Southern California
Management Procedures including Cash Management, Customer Relations, Employee Relations and Shift Management	20		Southern California
Employee Recruiting and Training, Customer Service, Alcohol Beverage Control		20	Southern California
Marketing including Special Events	4		Southern California
Training Progress Assessment / Review		8	Southern California

For all required initial training courses, we will provide, at no charge to you, instructors and training materials. You and your Specially Trained Management Employees will be responsible for all other expenses which you incur within the courses, including the cost of transportation, lodging, meals and wages. The minimum experience of Brandi Babb and the instructors in the field that is relevant to the subject taught and our operations is from 1 to 7 years.

You must replace the manager if we determine that he or she is not qualified to serve in this position. If you (or your managing shareholder or partner) are unable to complete initial training to our satisfaction, we can terminate the Franchise Agreement and refund to you all but $5,000 of your Initial Franchise Fee.

You are responsible for the recruitment and hiring of *all* of your employees. You are also responsible for the training of all Restaurant employees. For all of your Restaurants, one of our representatives will advise and assist you in opening the Restaurant by coordinating your pre-opening activities and being available to assist with your operations for up to five days during the opening weeks, or as reasonably needed in our opinion.

We also maintain a mentor program for ongoing training and assistance. The mentor program will allow franchisees to receive continuing training, as needed, from one of our Restaurants or Restaurant managers. This additional training is not required but is provided for the benefit of the franchisee. You, however, will be responsible for additional expenses associated with additional training such as travel and living expenses for themselves and while training. There is no additional training fee required as the Initial Franchise Fee covers this cost.

Gift Card Program

We may institute a program for all franchisees to sell or otherwise issue gift cards or certificates (together "**Gift Cards**"). When the Gift Card program is made a part of the System, you must participate by offering Gift Cards to your customers and honoring all Gift Cards presented to you as payment for products, regardless of whether the Gift Card was issued by you or another Restaurant.

ITEM 12
TERRITORY

Area Development Agreement

Under the Area Development Agreement we grant you the right to develop and operate the number of ZPizza Restaurants in the Development Area that is specified in the Development Schedule, which is an exhibit to the Area Development Agreement. The minimum number of units to be developed in your territory is two. The Development Area may be a single or multi-county area, single state area or some other area. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria in order for you to meet the Development Schedule. You will lose the right to your territory or we may terminate your Area Development Agreement if you do not satisfy your Development Schedule.

Except as described below, during the term of the Area Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Restaurants to be located within the

Development Area. However, we have the right to terminate your right to the territory if you are not in full compliance with all of the terms and conditions of the Area Development Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Development Area do not include the right to develop Restaurants at any non-traditional sites. "Non-Traditional Sites" include military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bar trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed after the Area Development Agreement is signed. We retain the right to operate or to license others to operate Restaurants at such Non-Traditional Sites. Presently, we plan to operate Restaurants in airports, shopping malls, college campuses, arenas, hospitals, business offices, or any other non-traditional site and along toll roads, some of which may be in your Development Area.

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.

Except as expressly limited by the Area Development Agreement, we and our affiliates retain all rights with respect to Restaurants, the Proprietary Marks, and any products and services anywhere in the world including, without limitation, the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Restaurants and any other goods through similar or dissimilar channels of distribution, both within and outside the Development Area, under trade and service marks other than the Proprietary Marks and under any terms and conditions we deem appropriate; (b) to produce, offer and sell, and grant others the right to produce, offer and sell the products offered at Restaurants and any other goods through dissimilar channels of distribution, both within and outside the Development Area under the Proprietary Marks and under any terms and conditions we deem appropriate; (c) to operate and to grant others the right to operate Restaurants located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; (d) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Development Area under any terms and conditions we deem appropriate; and (e) subject to the option described below, the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Development Area.

We may during the term of the Area Development Agreement acquire the shares or assets of a business operating more than one restaurant or other food service businesses ("Acquired Restaurants"). If after the acquisition we own more than one of such Acquired Restaurants located in your Development Area which we intend to operate as Restaurants or as Competitive Businesses (the "Optioned Restaurants"), we may, in our sole discretion, first offer to sell the Optioned Restaurants to the franchisee under your Area Development Agreement, if any, who has been granted a Territory that encompasses the location. If such franchisee elects not to purchase an Optioned Restaurant, we may, in our sole discretion, offer to sell the Optioned Restaurant to you for the price we paid including that portion of the direct and indirect costs and liabilities we incurred or assumed in making such acquisition that is allocated to the Optioned Restaurant whether paid or owed to the seller of such Optioned Restaurant, to us, to our affiliates or to third parties and other expenses allocated to such Optioned Restaurant including losses, plus interest at our cost of money on the balance of such amounts periodically. We are required to sell to you the Optioned Restaurants described above only if: (1) such sale will not conflict with any of our existing legal obligations or the business being acquired; (2) such sale will not preclude the completion of the acquisition on the terms which we agreed upon with the seller; (3) such sale will not interfere with any other legal agreement, arrangement or combination; and (4) you must sign upon acquisition a Franchise Agreement for each and every such Optioned Restaurant and convert each such Optioned Restaurant to a Restaurant as soon as practicable thereafter in accordance with the standards and specifications. You will have 30 days in which to accept or reject such offer. In the event you reject or fail to timely accept our offer to sell an Optioned Restaurant or we are unable to extend such offer for any of the aforementioned reasons, we may incorporate and use certain elements of the system at the Optioned Restaurants. We agree that, provided you are in full compliance with the Area Development Agreement and all Franchise Agreements, we will neither use nor authorize the use of any of the Marks at such Optioned Restaurants located in the Development Area whether owned or franchised by us for two years or during the remaining term of the Area Development Agreement, whichever is less. For purposes of this paragraph, all references to us will be deemed to include our affiliates.

To maintain your rights under the Area Development Agreement you must have open and in operation the cumulative number of Restaurants stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territory or a termination of the Area Development Agreement. Continuation of your right to the territory does not depend on your achieving a certain sales volume, market penetration, or other contingency.

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

In addition, upon the earlier of the expiration of the term of the Area Development Agreement or upon your execution of a Franchise Agreement for the last Restaurant to be developed within the Development Area, your rights to the territory under the Area Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Development Area. This right will be subject only to the territorial rights under the franchise agreements entered into by you for Restaurants in the Development Area. The Development Area may not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. Except as the Area Development Agreement grants you the right to acquire the Optioned Restaurants described above, you are not granted any other option, right of first refusal or similar right to acquire additional Restaurants in your Development Area under the Area Development Agreement.

There are no other circumstances that permit us to modify your territorial rights.

Franchise Agreement

The Franchise Agreement does not grant you any territorial rights beyond whatever geographic radius is in an exhibit to the Franchise Agreement. The protected geographical territory (Territory) will be a radius not to exceed one mile surrounding the Restaurant, as agreed upon before execution of the Franchise Agreement. During the term of the Franchise Agreement we will not, without your consent, establish or franchise another to establish a ZPizza Restaurant at any location to solicit or accept orders that falls within your Territory under the Franchise Agreement except as otherwise provided in the Franchise Agreement. The relocation of any Restaurant will be subject to our prior written approval, which may be withheld on whatever basis we determine is in our best interests. If we approve relocation of the Restaurant, its new location must be within the Territory.

The Territory granted to you is not dependent upon the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances under which the protected area granted to you may be altered before the expiration or termination of the Franchise Agreement, without our mutual consent.

Except as expressly limited by the terms of your Franchise Agreement, we and our affiliates retain all rights with respect to Restaurants, the Proprietary Marks, and any goods and services outside of your Territory, including: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the services and/or goods offered at the Restaurant and any other goods and services through similar or dissimilar channels of distribution under trade and service marks other than the Proprietary Marks and under any terms; (b) to produce, offer and sell and to grant others the right to produce, offer and sell the services and/or goods offered at the Restaurant and any other goods and services through dissimilar channels of distribution under the Proprietary Marks and under any terms; (c) the right to operate or grant others the right to operate Restaurants anywhere regardless of its proximity to your Restaurant and on such terms as we deem appropriate; (d) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites anywhere under any terms and conditions we deem appropriate; and (e) subject to the option described below, the right to acquire and operate a business operating one or more restaurants and/or other food service businesses located or operated anywhere. At the present time, we plan to operate Restaurants in airports, shopping malls and along toll roads.

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

We may during the term of the Franchise Agreement acquire the shares or assets of a business operating more than one restaurant or other food service businesses ("Acquired Restaurants"). If after the acquisition we own more than one of such Acquired Restaurants which we intend to operate as a Restaurant or a Competitive Business (the "Optioned Restaurants"), we may, in our sole discretion, offer to sell the Optioned Restaurants to you for the price we paid including that portion of the direct and indirect costs and liabilities we incurred or assumed in making such acquisition that are allocated to the Optioned Restaurants whether paid or owed to the seller of such Optioned Restaurants, to us, to our affiliates or third parties and other expenses allocated to such Optioned Restaurants (including losses), plus interest at our cost of money on the balance of such amounts periodically. We are required to sell the Optioned Restaurants to you only if: (1) such sale will not conflict with any of our existing legal obligations or the business being acquired; (2) such sale will not preclude the completion of the acquisition on the terms to which we agreed; (3) such sale will not interfere with any other legal agreement, arrangement or combination; and (4) you must sign, upon acquisition, our then-current Franchise Agreement for each and every such Optioned Restaurant and convert each such Optioned Restaurant to a Restaurant as soon as practicable thereafter in accordance with our standards and specifications. You will have 30 days in which to accept or reject such offer. In the event you reject or fail to timely accept our offer to sell the Optioned Restaurants or we are unable to extend such offer for any of the aforementioned reasons, we may incorporate and use certain elements of the System at the Optioned Restaurants. For purposes of this Paragraph, all references to us will be deemed to include our affiliates.

Except as the Franchise Agreement grants you the right to acquire the Optioned Restaurants described above, you are not granted any other option, right of first refusal or similar right to acquire additional Restaurants under the Franchise Agreement.

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

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

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

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

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

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate a Restaurant under the name ZPizza and use of the trademark ZPizza, the ZPizza logo reproduced on the cover of this Disclosure Document, and such other trademarks that ZPizza currently uses and may obtain or develop as part of our business in the future. In the context of this discussion, note that a "trademark" also includes our service marks, logos and trade names used to identify your Restaurant and the products you sell.

You must follow our rules when you use any of the Proprietary Marks. The rules are generally in the Franchise Agreement and specifically in the Manual. We must specifically authorize you in advance to use a trademark as part of a corporate name or with modifying words, designs or logos; otherwise such use is unauthorized. Similarly, we must specifically authorize you in advance to use a trademark in connection with a product or service not part of the System. Any authorization, if granted, must be in writing. We and ZPC own the following trademarks which have been registered on the Principal Register of the United States Patent and Trademark Office effective as follows:

1. U.S. Patent and Trademark Office Registration No. 2,283,061 - "Z Pizza", filed July 7, 1998, registered October 5, 1999. This registration was renewed with the filing and acceptance and acknowledgement of a Section 8 and Section 15 declaration.
2. U.S. Patent and Trademark Office Registration No. 3,035,814 - "ZPizza" stylized symbol was filed on January 17, 2005, registered on December 27, 2005. This registration was renewed with the filing and acceptance and acknowledgement of a Section 8 and Section 15 declaration.

We have filed all required affidavits and intend to renew our registrations for the Marks when they become due.

WE DO NOT HAVE A FEDERAL REGISTRATION FOR THE PRINCIPAL TRADEMARKS (THE BIG RED Z AND Z PIZZA TAP ROOM LOGOS ON THE COVER PAGE). THEREFORE, OUR TRADEMARKS DO NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARKS IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

ZPC has licensed the first Proprietary Mark to us for the use in the System under a perpetual, non-cancellable license agreement dated January 25, 1999. Under the terms of the license, we have the right to sublicense the Proprietary Marks, in our reasonable discretion, for purposes of conducting our business. All filing required for continued principal registration of the trademarks have been, or will be, made as required.

There are no other agreements currently in effect which limit our right to use or to license others to use the Proprietary Mark.

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court. There is no pending infringement, opposition or cancellation proceeding. There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state.

We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation due to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs, except that you will bear the salary costs of your employees.

There are no agreements currently in effect which limit our rights to use or license the use of any Proprietary Mark. We reserve the right to substitute different proprietary marks for use in identifying the System and businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable period of time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the Restaurant's signage. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents that are material to the franchise. We claim copyright protection of our Manual and related materials, although these materials have not been registered with the United States Registrar of Copyrights. The Manual and related materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized way and you must take reasonable steps to prevent its disclosure to others.

There are no currently effective determinations of the Patent and Trademark Office, Copyright Office, or any court regarding any design patent or copyright. There are no currently effective agreements according to which we derive our rights in the design patent or copyright which could limit your use of them. We are not obligated under the Franchise Agreement to protect any of the rights that you have to use any design patent or copyright, and we do not have any other obligation under the Franchise Agreement regarding the design patents and copyrights. We are not aware of any infringements that could materially affect your use of any design patent or copyright in any state.

Confidential Operations Manual

We will lend you a copy of the Manual for the term of the Franchise Agreement. You must treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in them, as confidential, and must use reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Manual will remain our sole property. You must keep it in a secure place on the Restaurant premises.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must ensure that the Manual is kept current at all times. If there is a dispute as to the contents of the Manual, the terms of the master copy which we maintain at our home office will control.

Confidential Information

We may reveal certain proprietary information to you, which includes food formulae, customer lists, and information in the manuals provided to you. You must not, during or after the term of the

Franchise Agreement or Area Development Agreement, divulge or use for the benefit of anyone else any confidential information concerning the System and the methods of operation of the Franchised Business. You may divulge confidential information only to those employees who must have access to it to operate the Franchised Business. Any and all information, knowledge and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

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

Franchise Agreement

You must at all times directly supervise the operation of the Restaurant or you may employ a manager for this purpose. We recommend that you conduct direct, on-premises supervision of the Restaurant and not delegate this duty to third parties. If you do appoint a manager for these duties, we must train him or her and the manager must complete the training to our satisfaction. Also, you must inform us of your manager's identity, and each manager must sign an agreement not to divulge any trade secret or confidential or proprietary information, or to engage in any other business. Your manager need not have an ownership interest in a corporate or partnership franchisee, but he or she must have substantial food service experience, demonstrate strong management abilities and promote the "ZPizza Restaurant" image to the public.

In the event you do not have acceptable prior restaurant experience, you will be required to hire a general manager who possesses a minimum of three years of acceptable restaurant experience. Such general manager will be required to complete our training program.

You must devote your full time and efforts to managing the general business matters of the Restaurant. Further, you may not, during the term of the Franchise Agreement, engage in any conflicting enterprises. Also, you are bound by confidentiality requirements discussed in Article VIII of the Franchise Agreement and non-competition covenants discussed in Article XIV of the Franchise Agreement.

Area Development Agreement

Area Developer must devote his or her full time to the supervision of Restaurants operated in the Development Area unless Area Developer designates an individual to supervise the Restaurants known as an "operator." Area Developer, if it is a corporation, limited liability company or partnership, may not engage in any other related business activity during the term of the Area Development Agreement without our consent.

We may require Area Developer to hire an experienced food service professional who will operate Area Developer's Restaurants.

Area Developer, or the operator designated by the Area Developer, must successfully complete our training course. Any operator designated by Area Developer must (i) devote his or her full time to the development and supervision of Restaurants; (ii) sign the confidentiality and non-competition covenants by which Area Developer is bound; and (iii) be approved in writing by us. Also, Area Developer is bound by confidentiality requirements and non-competition covenants discussed in the Area Development Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only those products and services that we have approved. You may not offer for sale any products or perform any services that we have not authorized or approved. We have the right to change the types of authorized products and services and there are no limits upon our right to do so.

We place no restrictions upon your ability to serve customers provided you do so from the location of your Restaurant.

The Area Development Agreement does not contain any provision relating to the restrictions on goods and services offered by an Area Developer. However, certain restrictions will be contained in the Franchise Agreement signed by an Area Developer for Restaurants located within the Development Area.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Article in Franchise Agreement	Summary
a. Term of the franchise	IV	10 years
b. Renewal or extension of the term	IV	One additional term of 10 years
c. Requirements for you to renew or extend	IV	You have been in substantial compliance with agreement, pay renewal fee. You may have to remodel the Restaurant, at your expense You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by you	Not Applicable	The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law
e. Termination by us without cause	Not Applicable	Not Applicable

Provision	Article in Franchise Agreement	Summary
f. Termination by us with cause	XVII	We can terminate only if you commit any one of several listed violations
g. "Cause" defined – defaults which can be cured	XVII	30 days for operations defaults, 30 days for monetary defaults, 24 hours for health code violations
h. "Cause" defined – defaults which cannot be cured	XVII	Conviction of a felony, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors, repeated violations
i. Your obligations on termination/non-renewal	XVIII	Pay outstanding amounts, de-identification, return of confidential information and telephone numbers
j. Assignment of contract by us	XX	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment is willing and able to assume our obligations under the Franchise Agreement
k. "Transfer" by you – definition	XX	Includes transfer of contract of assets or any ownership change
l. Our approval of transfer by you	XX	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for our approval of transfer	XX	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, then-current contract signed
n. Our right of first refusal to acquire your business	XX	We can match any offer
o. Our option to purchase your business	XX	We can buy the business on termination or non-renewal for the price offered to you by the potential buyer or at fair market value.
p. Your death or disability	XX and XXI	Franchise must be assigned to approved buyer within 12 months or transferred to an heir or representative
q. Non-competition covenants during the term of the franchise	XXIV	Can't divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	XXIV	No competing business for two years, within the United States

Provision	Article in Franchise Agreement	Summary
s. Modification of the agreement	XXXII	No modifications generally but Operations Manual subject to change. Revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement
t. Integration/merger clause	XXXII	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	XXX	Except for certain claims, all disputes must be arbitrated in California (subject to state law)
v. Choice of forum	XXX	Arbitration in California (subject to state law)
w. Choice of law	XXIX	California law applies (subject to state law)

THE AREA DEVELOPER RELATIONSHIP

Provision	Section in Area Development Agreement	Summary
a. Term of the Area Development Agreement	VI	Length of the Development Schedule, which can be as short as five years or as long as 20 years
b. Renewal or extension of the term	V	After all Restaurants have been developed, we will negotiate in good faith another Area Development Agreement
c. Requirements for you to renew or extend	V	There are none
d. Termination by you	Not Applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law

	Provision	Section in Area Development Agreement	Summary
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	IX	We can terminate if you commit any one of several listed violations, which include failure to meet the development schedule, unauthorized use of the Proprietary Marks, sale of competing products, failure to make required payments, illegal assignments, making of material misrepresentations, failure to obtain approval for a site, any other breach of the agreement or a bankruptcy
g.	"Cause" defined – defaults which can be cured	IX	Unauthorized use of the Proprietary Marks, your involvement in a competing business, failure to make required payments, illegal assignments, making material misrepresentations, filing of bankruptcy
h.	"Cause" defined – defaults which cannot be cured	IX	Failure to meet your minimum performance schedule, any uncured violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, or if you fail to operate all of the Restaurants opened under the terms of the Area Development Agreement
i.	Your obligations on termination/non-renewal	X	Stop selecting sites, can't open Restaurants, you must not hold yourself out as a Z Pizza Area Developer or do anything which would show a relationship between you and us
j.	Assignment of contract by us	XI	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Development Agreement
k.	"Transfer" by you – definition	XI	Includes transfer of any interest in the Area Development Agreement
l.	Our approval of transfer by you	XI	We have the right to approve all transfers, our consent not to be unreasonably withheld

Provision	Section in Area Development Agreement	Summary
m. Conditions for our approval of transfer	XI	Conditions for transfer include not being in default, all debts are paid, the buyer meets our current criteria for new area developers, execution of a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations, buyer signs a new Area Development Agreement
n. Our right of first refusal to acquire your business	XI	We have the right to match the offer
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	XI	Option passes to estate
q. Non-competition covenants during the term of the franchise	XII	Can't divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	XII	No competing business for two years and within the United States
s. Modification of the agreement	XVIII	No modifications except by mutual agreement of the parties. Revisions to the Area Development Agreement will not unreasonably affect your obligations, including economic requirements under the Area Development Agreement
t. Integration/merger clause	XVIII	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Area Development Agreement or in any other written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	XIX	Except for certain claims, all disputes must be arbitrated in California (subject to state law)
v. Choice of forum	XIX	Arbitration in California (subject to state law)
w. Choice of law	XVIII	California applies (subject to state law)

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following chart includes the average income and expenses incurred by the 2 existing Tap Rooms that were in operation for the full 2017 calendar year. Each of these Tap Rooms offers the same products and services that your Tap Room will offer. As of December 31, 2017, there were 53 franchised units in the field who were open between January 1, 2017 and December 31, 2017; of which 4 are Tap Rooms and 49 are ZPizza Restaurants. We have not included the financial performance representations for the ZPizza Restaurants since this subset of restaurants has different characteristics from the Tap Room. A Tap Room offers self-serve craft beer, customers can watch sports games on big screen TVs and the Industrial Décor sets a welcoming stage for both family and friends.

Some Tap Rooms in our System have earned the amounts shown below. Your individual results may differ. There is no assurance that you will earn as much.

Tap Rooms	Net Sales
Tucson, Arizona	$720,245
Los Angeles, California	$1,263,581
Rancho Cucamonga, California	$589,346
Sacramento, California	$674,895

Notes:

1. Net Sales is Gross Sales minus sales tax.

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Tap Room Restaurant. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Z Pizza International, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Christopher Bright at 2601 Main Street, #910, Irvine, California 92614, (949) 222-5600, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2015, 2016, 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	83	76	-7
	2016	76	53	-23
	2017	53	51	-2
Company-Owned*	2015	13	11	-2
	2016	11	9	-2
	2017	9	5	-4
Total Outlets	2015	96	87	-9
	2016	87	62	-25
	2017	62	56	-6

* As disclosed in Item 1, we do not own or operate any ZPizza Restaurants. The Restaurants reflected in the above chart are owned by our affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2015, 2016, 2017

State	Year	Number of Transfers
Arizona	2015	0
	2016	2
	2017	0
California	2015	5
	2016	3
	2017	3

State	Year	Number of Transfers
Colorado	2015	0
	2016	0
	2017	0
Maryland	2015	0
	2016	0
	2017	0
Texas	2015	0
	2016	1
	2017	0
Virginia	2015	3
	2016	1
	2017	0
Total	2015	8
	2016	5
	2017	3

Table No. 3
Status of Franchised Outlets
For years 2015, 2016, 2017

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	1	2
California	2015	40	1	0	0	0	3	38
	2016	38	0	0	0	0	8	30
	2017	30	3	0	0	0	2	31
Colorado	2015	1	1	0	0	0	1	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
Florida	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Georgia	2015	2	1	0	0	0	0	3

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
	2016	3	0	0	0	0	2	1
	2017	1	0	0	0	0	1	0
Hawaii	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
Kansas	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Maryland	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Minnesota	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	1	0	0	0
Missouri	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Montana	2015	3	0	0	0	0	2	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
Nevada	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
New York	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
North Carolina	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	2	1
	2017	1	0	0	0	0	0	1
Ohio	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	4	0
	2017	0	0	0	0	0	0	0
Pennsylvania	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

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
	2017	0	0	0	0	0	0	0
South Carolina	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Tennessee	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Texas	2015	5	0	0	0	0	1	4
	2016	4	0	0	0	0	1	3
	2017	3	0	0	0	0	0	3
Vermont	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Virginia	2015	10	0	0	0	0	1	9
	2016	9	0	0	0	0	4	5
	2017	5	0	0	0	0	3	2
Washington	2015	1	1	0	0	0	1	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Washington DC	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
US Subtotal	2015	78	4	0	0	0	12	70
	2016	70	0	0	0	0	24	46
	2017	46	4	0	1	0	7	42
Kingdom of Bahrain	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
Saudi Arabia	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
South Korea	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2

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
United Arab Emirates - Dubai	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	1	1
	2017	1	1	0	0	0	0	2
Vietnam	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
Total	2015	83	5	0	0	0	12	76
	2016	76	2	0	0	0	25	53
	2017	53	6	0	1	0	7	51

Table No. 4
Status of Company-Owned Outlets
For years 2015, 2016, 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California*	2015	11	0	0	1	1	9
	2016	9	0	0	1	0	8
	2017	8	0	0	3	0	5
Maryland*	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	1	0	0
Washington, DC*	2015	1	0	0	0	0	1
	2016	1	0	0	1	0	0
	2017	0	0	0	0	0	1
Total	2015	13	0	0	1	1	11
	2016	11	0	0	2	0	9
	2017	9	0	0	4	0	5

* As disclosed in Item 1, as of December 31, 2017, we do not own or operate any ZPizza Restaurants. The Restaurants reflected in the above chart are owned by our affiliates.

Table No. 5
Projected Openings as of December 31, 2017

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	9	10	0
Colorado	0	0	0
Oregon	1	0	0
Virginia	0	0	0
Washington	0	1	0
International	3	12	0
TOTAL	14	24	0

The list of the names of all franchisees and area developers and the addresses and telephone numbers of their Restaurants are provided in Exhibit F to this Disclosure Document.

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

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

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

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit H are the audited financial statements for ZPizza International, Inc. for the years ending December 31, 2015, December 31, 2016, and December 31, 2017. Also attached are our unaudited financial statements for the period ending September 30, 2018.

Our fiscal year end is December 31.

In the State of California, we have secured a Surety Bond in the amount of $100,000 from Platte River Insurance Company. This Surety Bond requirement has been imposed by the Department of Business Oversight based on the franchisor's financial condition.

In the State of Washington, we have secured a Surety Bond in the amount of $100,000 from Platte River Insurance Company. This Surety Bond requirement has been imposed by the Department of Financial Institutions, Securities Division based on the franchisor's financial condition.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Franchise Agreement – Exhibit C
Area Development Agreement – Exhibit D
Copy of General Release – Exhibit I

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
<u>STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS</u>

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

<table>
<tr>
<td><u>CALIFORNIA</u>
Department of Business Oversight:
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677

1515 K Street, Suite 200
Sacramento, CA 95814
(916) 445-7205

1350 Front Street
San Diego, CA 92101
(619) 525-4233

1 Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

Agent: Commissioner of Business Oversight</td>
<td><u>CONNECTICUT</u>

State of Connecticut
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Agent: Banking Commissioner</td>
</tr>
<tr>
<td><u>HAWAII</u>
(state administrator)

Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(agent for service of process)

Commissioner of Securities
State of Hawaii
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722</td>
<td><u>ILLINOIS</u>

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465</td>
</tr>
</table>

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Franchise Section Michigan Department of Attorney General 525 W. Ottawa Street, 1st Floor Lansing, Michigan 48933 (517) 335-7567 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (for service of process) Minnesota Commissioner of Commerce
NEW YORK (Administrator) NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236 Phone (212) 416-6042 Fax (Agent for service of process) Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712

OREGON	RHODE ISLAND
Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of the Department of Consumer and Business Services	Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9500
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760 (for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM

EXHIBIT B

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement and Area Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The franchise agreement requires binding arbitration. The arbitration will occur in California with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST	Z PIZZA INTERNATIONAL, INC.
______________________	By: ______________________
Witness	Name: Christopher Bright
	Title: President
	FRANCHISEE:
______________________	______________________
Witness	

EXHIBIT B

ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC. DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST

Z PIZZA INTERNATIONAL, INC.

____
Witness

By:_____________________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

EXHIBIT B

ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for Z Pizza International, Inc. for the State of Maryland for Z Pizza's Disclosure Document and for its Franchise and Development Agreements. The amendments to the Franchise and Development Agreements included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise and Area Development Agreements may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 11 of the Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund by requesting same in a written request to Franchisor.

3. Item 17 of the Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Development Agreement are hereby deemed to be amended accordingly.

4. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase 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.

5. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17 of the Disclosure Document is hereby amended to state that the Franchise Agreement and Development Agreement require binding arbitration, the site of which is in the state of California, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction. The law of the State of California governs the arbitration. However, pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, regardless of the language in the Franchise Agreement and Development Agreement.

7. The Franchise Agreement and Development Agreement are hereby amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST	Z PIZZA INTERNATIONAL, INC.
______________________	By: ______________________
Witness	Name: Christopher Bright
	Title: President
	FRANCHISEE:
______________________	______________________
Witness	

EXHIBIT B

<u>DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST

____
Witness

Z PIZZA INTERNATIONAL, INC.

By: ______________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

EXHIBIT B
ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ZPizza International, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise and development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST

Z PIZZA INTERNATIONAL, INC.

____
Witness

By: ______________________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

EXHIBIT B
ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST

Z PIZZA INTERNATIONAL, INC.

____
Witness

By: ______________________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

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ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT, made on ________________, by and between ZPizza International, Inc., a California corporation with its corporate headquarters office at 2601 Main Street, #910, Irvine, California 92614 (hereinafter referred to as the "Franchisor") and ______________________ residing at ______________________________ (hereinafter referred to as "Franchisee").

WITNESSETH:

WHEREAS, the Franchisor franchises certain specialty food establishments, known as "ZPizza" restaurants, which offer specialized pizza, pasta, sandwich and salad items using fresh ingredients on a take-out, dine-in and delivery basis ("Products"). Such restaurants are operated under certain trademarks, service marks, logos and other commercial symbols, including without limitation "ZPizza" ("Marks") which are owned by an affiliate of Franchisor, and licensed to Franchisor for sub-license to its franchisees, and pursuant to certain confidential information and trade secrets. Such restaurants are operated with uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by the Franchisor ("System"); and

WHEREAS, the Franchisor grants to persons who meet the Franchisor's qualifications and who are willing to undertake the investment and effort to establish and develop a "ZPizza" restaurant, a franchise to own and operate such a restaurant, offering the Products and services approved by the Franchisor and utilizing the Franchisor's formats, designs, methods, specifications, standards, operating procedures and the Marks; and

WHEREAS, Franchisee acknowledges that he/she has read this Agreement and the Franchisor's Offering Prospectus and that he/she understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the Franchisor's high standards of quality and service and the uniformity of those standards at all "ZPizza" restaurants in order to protect and preserve the goodwill of the Marks; and

WHEREAS, Franchisee acknowledges that he/she has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by "ZPizza" restaurants may evolve and change over time, that an investment in a "ZPizza" restaurant involves business risks and that the success of the venture is largely dependent upon the business abilities and efforts of Franchisee; and

WHEREAS, the Franchisor expressly disclaims the making of, and Franchisee acknowledges that he/she has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that he has not received or relied on any representations about the franchise by the Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in the Franchisor's Offering Prospectus or to the terms and conditions contained herein, and further represents to the Franchisor, as an inducement to his/her entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the franchise; and

WHEREAS, Franchisee has applied for a franchise to own and operate a single "ZPizza" Tap Room at the premises identified in Article I hereof, and such application has been approved by the Franchisor in reliance upon all of the representations made therein;

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants hereinafter made, Franchisor and Franchisee do hereby agree as follows:

ARTICLE I
GRANT OF FRANCHISE

1.1 Subject to the terms and conditions contained herein, the Franchisor hereby grants to Franchisee the right to own and operate a "ZPizza" Tap Room at the premises approved by the Franchisor in accordance with the provisions of this Agreement (the "Restaurant"), and to use the Marks in the operation thereof. Except as otherwise provided in this Agreement, the Franchisor shall not establish nor license anyone other than Franchisee to establish any Restaurant under the System within a one (1) mile radius of the "Franchise Location" specified in Exhibit "A" ("Exclusive Territory"); provided, however, that Franchisee may provide delivery service within any area that is within a five (5) mile radius of the Approved Location (the "Delivery Area"). The Franchisor may unilaterally reduce the Delivery Area to a radius less than five (5) miles in the event the Delivery Area encroaches into the Exclusive Territory of another franchisee of the System or of a company-owned Restaurant. Franchisee may, at its option, provide delivery service beyond the Delivery Area as long as Franchisee does not provide such delivery service to or within the Exclusive Territory or Delivery Area of another franchisee of the System or within a similar radius of a company-owned restaurant.

1.2 Unless an approved location has been selected by Franchisee at the time this Agreement is executed, Franchisee shall select the location of the Restaurant, subject to the Franchisor's approval, within ninety (90) days after the date of this Agreement.

1.3 The franchise location described in Exhibit "A" may not be altered or changed by the Franchisee without Franchisor's prior written approval. In the event there is such an approval, the new franchise location shall become the "Franchise Location," under the terms of this Agreement.

1.4 Except as expressly limited by Section 1.2, Franchisor and its affiliates retain all rights with respect to Restaurants, the Marks and the sale of Products and any other products and services outside of Franchisee's Exclusive Territory, including without limitation:

(a) to produce, offer and sell, and to grant others the right to produce, offer and sell the Products and any other goods and services through similar or dissimilar channels of distribution under trade and service marks other than the Marks and under any terms and conditions Franchisor deems appropriate;

(b) to produce, offer and sell, and to grant others the right to produce, offer and sell the Proprietary Products and any other goods and services through dissimilar channels of distribution under the Marks and under any terms and conditions the Franchisor deems appropriate;

(c) to operate and to grant others the right to operate Restaurants at "Non-Traditional Sites" under any terms and conditions the Franchisor deems appropriate, regardless of proximity to the Restaurant. As used in this Agreement, Non-Traditional Sites shall include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof; and

(d) subject to the option described in Section 1.5 below, to acquire and operate a business operating one or more restaurants or food services businesses located or operating anywhere.

Franchisee's Option to Purchase:

1.5 During the term of this Agreement Franchisor may acquire the shares or assets of a business operating more than one restaurant or other food service businesses ("Acquired Restaurants"). If after an acquisition of Acquired Restaurants Franchisor owns more than one of such Acquired Restaurants which Franchisor intends to operate as a ZPizza Restaurant or as a business offering the same or similar products ("Competitive Business") (the "Optioned Restaurants"), the Franchisor may, in its sole discretion, offer to sell the Optioned Restaurants to Franchisee for the price paid therefor by Franchisor, including that portion of the direct and indirect costs and liabilities incurred or assumed by Franchisor in making such acquisition allocated to the Optioned Restaurants whether paid or owed to the seller of such Optioned Restaurants, Franchisor, its affiliates or third parties, and other expenses and losses allocated to such Optioned Restaurants, plus interest at Franchisor's cost of money on the balance of such amounts from time to time, provided that (a) such sale will not conflict with any existing legal obligation of Franchisor or the business being acquired; (b) such sale will not preclude the completion of the acquisition on the terms agreed to by Franchisor; (c) such sale will not interfere with any other legal agreement, arrangement or combination; and (d) Franchisee executes at the closing of the acquisition Franchisor's then-current Franchise Agreement for each and every such Optioned Restaurant and converts each such Optioned Restaurant to a ZPizza Restaurant as soon as practicable thereafter in accordance with Franchisor's standards and specifications. Franchisee shall have thirty (30) days in which to accept or reject such offer.

1.5.1 In the event Franchisee rejects or fails to timely accept Franchisor's offer to sell the Optioned Restaurants or Franchisor is unable to extend such offer for any of the aforementioned reasons, Franchisor may incorporate and use certain elements of the System at the Optioned Restaurants. For purposes of this Section 1.5, all references to Franchisor shall be deemed to include its affiliates.

ARTICLE II
DEVELOPMENT AND OPENING OF THE RESTAURANT

Lease of Restaurant Premises:

2.1 Franchisee shall lease within ninety (90) days from the date of execution of this Agreement, the premises for the Restaurant. The Franchisor shall have the right in its sole discretion, to require:

A. Franchisee to execute a Site Addendum Agreement in the form attached hereto;

B. Franchisee to conditionally assign such lease to the Franchisor (with the consent of the lessor, if required) by conditional lease assignment provisions in form annexed to Franchise Agreement as Exhibit "C" in order to secure performance of any and all of Franchisee's liabilities and obligations to the Franchisor; or

C. That such lease contain substantially the following provisions:

1. "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to ZPizza International, Inc., a California corporation or its designee."

2. "Lessee hereby agrees that Lessor may, upon the written request of ZPizza International, Inc., disclose to ZPizza International, Inc. all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises."

3. "Lessor shall give written notice to ZPizza International, Inc. (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease and ZPizza International, Inc. shall have the right, in its sole discretion, to cure any such default. Such notice shall be sent to ZPizza International, Inc. at its headquarters, or such other address as ZPizza International, Inc. may from time to time specify in writing to Lessor."

2.2 The Franchisor shall also have the right to approve the terms of any lease for the premises of the Restaurant. In the event the Franchisor cures any default by Franchisee under such lease, the total amount of all costs and payments incurred by the Franchisor in effecting such cure shall be immediately due and owing by Franchisee to the Franchisor.

2.3 Franchisee's execution of a lease for the location for his/her Restaurant shall constitute acceptance by Franchisee of such location and site and the terms of such lease and shall constitute a waiver of any claim or rights against the Franchisor relating to Franchisee's choice of such site and location and of the terms of such lease.

Development of Restaurant:

2.4 The Franchisor will have its architect provide Franchisee prototype or protostyle plans and specifications for Franchisee's Restaurant reflecting the Franchisor's requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor.

2.5 Within ninety (90) days after obtaining possession of the premises of the Restaurant and having been furnished with the above-described plans and specifications, Franchisee will do or cause to be done the following:

A. Secure all financing required to fully develop the Restaurant;

B. Prepare, at Franchisee's expense, and submit to the Franchisor for approval (which approval may be granted or withheld at the Franchisor's sole discretion) any proposed modifications to the Franchisor's prototype or protostyle plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, the Franchisor;

C. Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

D. Construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises with required branded décor in compliance with plans and specifications approved by the Franchisor; and

E. Purchase, in accordance with the Franchisor's specifications and requirements, an opening inventory of proprietary food items, Products, ingredients and other products and supplies required for the opening of the Restaurant.

2.6. Franchisee agrees that Franchisee will do or cause to be done the following with respect to the development of the Restaurant:

A. obtain all required construction and sign permits and licenses;

B. complete the construction of all required improvements to the premises and decorate the premises in accordance with Franchisor's specifications;

C. purchase or lease and install all fixtures, furnishings, equipment, signs and the opening food and beverage inventory and operating supplies and required branded merchandising materials and other materials in accordance with Franchisor's specifications.

Franchisee shall use his/her best efforts to complete development and have the Restaurant ready to open within one hundred eighty (180) days after Franchisee obtains possession of the premises. Franchisee may, at his/her option, purchase or lease equipment for the Restaurant.

Fixtures, Equipment, Furniture and Signs:

2.7 Franchisee agrees to use in the construction and operation of the Restaurant only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that the Franchisor has approved for Restaurants as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the premises of the Restaurant only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by the Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by the Franchisor (which may include the Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by the Franchisor, and/or any such item from any supplier which is not then approved by the Franchisor, Franchisee shall first notify the Franchisor in writing and shall submit to the Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by the Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. The Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet the Franchisor's standards or specifications.

Restaurant Opening:

2.8 Franchisee agrees not to open the Restaurant for business until:

A. The Franchisor determines that the Restaurant has been constructed and equipped in accordance with approved plans and specifications;

B. Training of Franchisee and his/her manager(s) has been completed to the Franchisor's reasonable satisfaction;

C. The Initial Franchise Fee and all other amounts due to the Franchisor under this Agreement and any other related agreements to which he is a party have been paid;

D. The Franchisor has been furnished with copies of all insurance policies required by Article XII hereof, or such other evidence of insurance coverage as the Franchisor requests; and

E. Franchisor's personnel are available to assist and be present at the opening of the Restaurant if the Franchisor, in its sole discretion, deems it necessary.

2.9 The Franchisee agrees to have the Restaurant ready to open for business within six (6) months after the date of execution of Franchisee's lease. Final approval by the Franchisor of the opening of the Restaurant shall be given in writing and shall be in the Franchisor's sole discretion. Franchisee agrees to open the Restaurant for business within ten (10) days after receipt of such written notice from Franchisor.

Relocation of Restaurant:

2.10 If Franchisee's lease for the premises of the Restaurant terminates without fault of Franchisee, or if the premises are damaged, condemned or otherwise unusable, or if in the reasonable judgment of the Franchisor and Franchisee there is a change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, the Franchisor shall grant permission to Franchisee for relocation of the Restaurant to a location approved by the Franchisor. Any such relocation shall be at Franchisee's sole expense and the Franchisor shall have the right to charge Franchisee for costs and expenses incurred by the Franchisor in connection therewith.

2.11 Franchisee agrees that in the event of a relocation of the Restaurant, Franchisee shall promptly remove from the first Restaurant premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with ZPizza Restaurants. Furthermore, Franchisee shall, at his/her expense, immediately make such modifications or alterations as may be necessary to distinguish the first Restaurant so clearly from its former appearance and from other ZPizza Restaurants and to prevent any possibility of confusion therewith by the public (including, without limitation, removal of all distinctive physical and structural features identifying ZPizza Restaurants and removal of all distinctive signs and emblems). Franchisee shall, at his/her expense, make such specific additional changes as the Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as the Franchisor deems appropriate, Franchisee agrees that the Franchisor or its designated agents may enter the premises of the first Restaurant and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that his/her failure to make such alterations will cause irreparable injury to the Franchisor and consents to entry, at Franchisee's expense, of an ex-parte order by and court of competent jurisdiction authorizing the Franchisor or its agents to take such action, if the Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to the Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Restaurant premises is not promptly and completely undertaken, the Franchisor may then revoke its permission for relocation and declare a default under this Agreement pursuant to Article XVII hereof.

ARTICLE III
PROPRIETARY MARKS AND GOODWILL

3.1 When used in this Agreement, "Marks" mean the trademarks and service marks which are used to identify Restaurants and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by the Franchisor from time to time for use in connection with the System.

3.2 Franchisee is authorized to use the Marks, goodwill and trade secrets in the operation of the Restaurant only at the location specified in Article I. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor. Franchisee understands and agrees that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that he/she is bound not to represent in any manner that he/she has acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks.

3.3 Franchisee acknowledges that the ownership of all of the Marks, goodwill and trade secrets remains solely with the licensor of Franchisor and that Franchisee shall not register or attempt to register the Marks or to assert any rights in them other than as specifically granted in this Agreement.

3.4 At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of Marks.

3.5 Franchisee shall only use the Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans of Franchisor, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (hereinafter collectively referred to as "Confidential Operations Manuals") prepared by Franchisor. Franchisee shall not use any confusingly similar Marks in connection with its franchise or any other business in which it has an interest.

3.6 Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the words "ZPizza" shall be in accordance with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

3.7 If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Marks and shall promptly discontinue the use and display of outmoded or superseded marks, at Franchisee's expense. Franchisee waives any other claim arising from or relating to any proprietary mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

3.8 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Marks, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that he/she is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect Franchisor's Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of Franchisor's Marks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

3.9 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Marks. Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee.

3.10 Franchisor or the licensor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Marks or that, in Franchisor's or the licensor's judgment, may affect the goodwill of the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. In that event, Franchisee shall execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor.

3.11 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and advertising using only the Marks designated by the Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to and shall not use the words "ZPizza" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection.

3.12 In order to preserve the validity and integrity of the Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspection.

3.13 Franchisee shall be required to affix the SM, ™ or ® symbol (as applicable) upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "ZPizza" or any other of the Marks, whether presently existing or developed in the future.

3.14 Franchisee acknowledges that it does not have any right to deny the use of the Marks to any other franchisees. In consideration therefor, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other franchisees to have full use of the Marks.

3.15 If, during the term of this Agreement, there is a claim of prior use of the "ZPizza" name or any other of the Marks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use any of Franchisor's other Marks in such a way and at Franchisor's discretion in order to avoid a continuing conflict.

3.16 The Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which he is held liable in any proceeding in which Franchisee's use of any Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against him or in any such proceedings in which he is named as a party, provided that Franchisee has timely notified the Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor. If the Franchisor defends such claim, the Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

3.17 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as the Franchisor may designate in writing.

ARTICLE IV
TERM AND RENEWAL

4.1 Except as otherwise provided in this Agreement, the initial term of this franchise shall be for a period commencing upon the execution of this Agreement (the "Initial Term") and conclude on the tenth (10th) year anniversary of the date of execution of this Agreement.

4.2 Subject to the conditions specified in Section 4.3 hereof, the Franchisee shall have the right to renew this Agreement for a period of ten (10) years from the date of the expiration of the Initial Term.

4.3 The Franchisee's right of renewal pursuant to Section 4.2 above shall be subject to the following conditions precedent:

A. Neither this Agreement nor the lease agreement shall have been terminated for any reason, and that the lease is renewable;

B. The Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any other agreement between Franchisor or any subsidiary and/or affiliated corporation and Franchisee has substantially complied with all of the terms and conditions of such agreements during their terms;

C. The Franchisee shall have served notice of its intention to exercise its right of renewal not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the Initial Term;

D. The Franchisee shall have effected the improvements to his/her Restaurant and its operations required by the Franchisor pursuant to Section 4.4 below;

E. The Franchisee has satisfied all monetary obligations due and owing to Franchisor, any subsidiary of Franchisor and/or any affiliated corporations of Franchisor and Franchisee has timely met these obligations throughout the term of this Agreement and any other agreement in effect and any renewals thereof;

F. Franchisee shall execute, upon renewal, Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and higher advertising contribution;

G. Franchisee shall execute a general release, in a form prescribed by Franchisor on any and all claims against Franchisor, any subsidiary of Franchisor and/or affiliated corporation of Franchisor, and their respective officers, directors, agents and employees;

H. Franchisee shall comply with Franchisor's then-current reasonable qualification and training requirements; and

I. Franchisee shall remit to Franchisor a renewal fee equal to Five Thousand Dollars ($5,000).

4.4 Upon receipt of a notice to renew from the Franchisee pursuant to Section 4.2 hereof, the Franchisor shall prepare a renewal report which report shall be completed within three (3) months of the receipt of said notice and shall specify the modifications and improvements and repairs, if any, required by the Franchisor and which Franchisee must make to his/her Restaurant which must be in conformity with the then existing standards, and specifications pertaining to his/her Restaurant.

4.5 The Franchisor expressly reserves the right to deny Franchisee's renewal in the event that Franchisee abandons his/her Restaurant and the Franchisee ceases to operate and maintain his/her Restaurant in accordance with the terms of this Agreement.

4.6 In the event Franchisee shall continue to operate his/her Restaurant following the expiration, termination or non-renewal of this Agreement for any reason, with the express or implied consent of Franchisor, such continuation shall be construed to be an extension of the term hereof only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions of this Agreement.

ARTICLE V
INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR

5.1 In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an Initial Franchise Fee of Thirty Thousand Dollars ($30,000) (the "Initial Franchise Fee"), payable upon the execution of this Agreement, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable, except as may be stated in Section 6.1 below.

5.2 In consideration of this franchise granted hereby, the services to be provided by Franchisor hereunder, the right to prepare and sell the Products, to the general public, and for the use of the Marks during the term hereof and any subsequent renewals, Franchisee shall pay to Franchisor, in addition to the Initial Franchise Fee stated herein, a royalty fee equal to six percent (6%) of the gross sales generated by, from, or through the Franchisee's Restaurant ("Royalty Fee").

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

A. Receipts from the operation of any public telephone installed in the Restaurant, or products from vending machines located at the Restaurant, except for any amount representing Franchisee's share of such revenues;

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

C. Returns to shippers or manufacturers;

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

E. Proceeds from the sale of gift certificates or gift cards; provided, however, that if a gift certificate or gift card is redeemed at the Restaurant, such redemption amount shall be included in the calculation of Gross Sales.

5.3.1 Franchisor may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. In addition to the foregoing, included within the definition of "Gross Sales" is the full value of meals furnished to Franchisee's employees as an incident to their employment except that the value of any discounts extended to such employees may be credited against Gross Sales during the reporting week in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due.

5.4 Royalty Fees are due and payable on the Tuesday of each week, which week shall end on the preceding Saturday ("Payment Date"). Franchisee shall remit Royalty Fees, Advertising Fees and any other monies owed to Franchisor hereunder via electronic funds transfer or other comparable means.

Franchisee shall comply with the procedures established by the Franchisor and/or to perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish such electronic method of payment.

5.4.1 In the event any electronic funds transfer is not honored by Franchisee's bank for any reason, Franchisee agrees that he/she shall be responsible for that payment plus a service charge applied by the Franchisor and the bank, if any. Franchisee further agrees that he/she shall, at all times throughout the term of this Agreement, maintain a minimum balance of Five Thousand Dollars ($5,000.00) in the Franchisee's bank account against which such electronic funds transfer shall be drawn for the Restaurant operated under this Agreement.

5.5 Royalty Fees or any and all other payments provided for in this Agreement not received by Franchisor within three (3) days of the Payment Date shall be subject to interest on a daily basis at eighteen percent (18%) per annum.

5.6 Acceptance by Franchisor of the payment of any Royalty Fee or any and all other payments provided for in this Agreement shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights under Article XVIII hereof.

5.7 Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach hereunder and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the same in escrow or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

5.8 If Franchisor is required by Franchisee's landlord to guarantee Franchisee's performance under the lease between Franchisee and the landlord in order to induce the landlord to execute the form of Collateral Lease Assignment attached hereto as Exhibit C, then Franchisee agrees to pay to Franchisor an amount equal to five percent (5%) of the annual rent for the leased premises for the duration of Franchisor's guarantee period. Such amount shall be payable via electronic funds transfer or other manner specified by Franchisor.

ARTICLE VI
TRAINING AND COMMENCEMENT OF BUSINESS

6.1 Prior to opening Franchisee's Restaurant, Franchisee shall attend Franchisor's initial training program, which shall be conducted at Franchisor's headquarters in Irvine, California or at another location designated by Franchisor, and complete said training course to Franchisor's satisfaction. In addition, the Franchisor shall assign a representative who will travel to Franchisee's Restaurant to for a period of approximately eight (8) days to conduct a pre-opening and post-opening training program, at Franchisee's sole cost and expense. Franchisee shall be responsible for all travel and living expenses which Franchisee and his/her manager incur in connection with the initial training program. In the event Franchisee fails to complete the aforesaid training program, the Franchisor shall have the right to terminate this Agreement and refund the Initial Franchise Fee to Franchisee, less the sum of Five Thousand Dollars ($5,000) to cover its administration, site selection and training costs and expenses.

During the training program, Franchisee shall receive instruction, training and education in the operation of the Restaurant and indoctrination into the System. Such training program shall include, but not be limited to, instructing Franchisee in the preparation and sale of the proprietary food items, the Products and quality control techniques and procedures.

6.2 Franchisee shall attend such periodic refresher and supplemental training programs or meetings at such locations as Franchisor may from time to time direct. All expenses of Franchisee incurred in connection with attendance at any such refresher or supplemental training programs or meetings shall be borne solely by Franchisee.

6.3 Franchisee shall maintain at all times during the term of this Agreement, or any renewal thereof, a staff of trained employees sufficient to operate the Restaurant in accordance with this Agreement and the Franchisor's standards. Franchisee shall not employ any person who may reasonably be required by Franchisor to complete a training program but who fails to do so for any reason whatsoever.

6.4 In the event Franchisee does not have acceptable prior restaurant experience, Franchisee shall be required to hire a general manager who possess a minimum of three (3) years of acceptable restaurant experience. Such general manager shall be required to complete Franchisor's training program.

ARTICLE VII
OBLIGATIONS OF FRANCHISOR

7.1 In order to assist Franchisee in constructing his/her Restaurant, Franchisor shall furnish to Franchisee a set of prototype or protostyle plans and specifications for Franchisee's Restaurant, including requirements for exterior and interior design, layout, equipment and sign placement and decor scheme, all as included in the System.

7.2 Franchisor shall assist Franchisee in Franchisee's selection of and contracting with appropriate architects and engineers for construction of all leasehold improvements at Franchisee's Restaurant in accordance with the plans and specifications prepared by Franchisee's architect.

7.3 Franchisor shall make available to Franchisee any further assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of the Franchisee's Restaurant, which assistance shall conform to that furnished to other existing franchisees. Such assistance will include providing Franchisees with the services of one (1) employee of the Franchisor for approximately eight (8) days for supervisory assistance and guidance in connection with the opening and initial operations of the Restaurant. The Franchisor shall have the right to determine the time or times at which such employee shall be available to Franchisee.

7.4 Franchisor shall assist Franchisee with his/her grand opening advertising program and ongoing local marketing programs.

7.5 Franchisor shall maintain an advisory relationship with Franchisee including ongoing telephone consultation to aid in the proper and effective operation of the System, the frequency and duration of which shall be in the sole discretion of Franchisor. Such operating assistance may consist of advice and guidance with respect to:

A. Methods and operating procedures utilized by Restaurants;

B. Additional food and beverage products and services authorized for sale by Restaurants;

C. Selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies; and

D. The establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of Restaurants.

7.6 Franchisor or its designees or agents shall visit and inspect, from time to time, Franchisee's Restaurant and evaluate the proper execution of the System, and confer with Franchisee and Franchisee's employees in connection therewith in order to assist in the proper business operation of Franchisee's Restaurant. Franchisor or its designees or agents shall have the absolute right to make inspections at such times and frequencies, during normal business hours, as Franchisor may determine. Franchisee and his/her employees will cooperate with Franchisor's representatives in such inspections, render such assistance to them as they may reasonably request and immediately correct any failure to comply with the System and this Agreement as brought to Franchisee's attention by such representative.

7.7 Franchisor shall use its reasonable efforts to require maintenance of high and uniform standards in the execution of the System at all Restaurants utilizing the System, thus protecting and enhancing the reputation of Franchisor and the Marks.

7.8 In order to insure that the distinguishing characteristics of the System are uniformly maintained, Franchisor may establish from time to time standards for certain proprietary food items, products, equipment, commodities and supplies for the use of same by Franchisee in the execution of the System and may, in conjunction therewith, develop new proprietary food items, products, programs and develop new equipment and new techniques which Franchisee shall be required to use and/or purchase in the operation of his/her Restaurant. The purchase of any new equipment will not materially increase the economic burden of Franchisee.

7.9 Neither Franchisor's approval of a specific location for Franchisee's Restaurant, nor any other service provided by Franchisor pursuant to this Article shall be deemed a representation, warranty or judgment by Franchisor as to the likely success of the Franchisee's Restaurant at such location with the specified personnel or as to the relative desirability of such location in comparison to others that might have been available to Franchisee.

7.10 Franchisor or its designees shall sell to certain geographically located franchisees all of Franchisor's requirements of certain proprietary food items, as is stated in Article VIII hereof, unless prevented from so doing by Force Majeure, governmental restrictions, labor disputes, inability to obtain or manufacture supplies or products, or other contingency or situation. Under these circumstances, the Franchisor will not be responsible or liable for any business losses or interruption, and Franchisee, during these situations, may seek alternate, but approved, sources of supply, provided such products meet Franchisor's specifications as to quality and availability.

ARTICLE VIII
OBLIGATIONS AND DUTIES OF FRANCHISEE

8.1 Franchisee shall make any grand opening advertising expenditures as may be required by Franchisee's landlord or by the terms of Franchisee's lease.

8.2 Franchisee or a designated and approved manager shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of the Restaurant franchised hereunder, except as otherwise approved in writing by Franchisor, including, but not limited to, keeping the Restaurant operating and open for business at the times specified in the Confidential Operations Manuals or as required by Franchisee's lease.

8.3 Franchisee shall maintain, at his/her own expense, at all times, the interior and exterior of his/her Restaurant and all fixtures, furnishings, signs and equipment in the highest degree of cleanliness, orderliness, sanitation and repair, as determined by Franchisor, and to make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Restaurant without the prior written consent of Franchisor, except that Franchisee shall be required to periodically renovate, refurbish and update his/her Restaurant so that it is in substantial conformity with the Franchisor's then-current Restaurant design, which renovations shall not be excessive nor place an excessive economic burden on Franchisee. Such equipment shall include, but not be limited to, a computerized cash register system designated by Franchisor.

8.4 Franchisee agrees to allow Franchisor, from time to time, to obtain and take samples of ingredients, products and supplies from Franchisee's Restaurant for testing by the Franchisor in order to assure that Franchisee complies with Franchisor's reasonable standards and specifications.

8.5 Franchisee agrees to maintain a high moral and ethical standard in the operation and conduct of his/her Restaurant so as to create and maintain goodwill among the public for the name "ZPizza" and supervise and evaluate the performance of its staff to insure that each renders competent, efficient and quality service to the general public.

8.6 Franchisee recognizes that it is essential to the proper marketing of the Products, and to the preservation and promotion of its reputation and acceptance by the public at large, that standards of quality be maintained. Franchisee therefore agrees, as part of the consideration for this Agreement, that Franchisee will at all times sell, to retail customers only, or offer for sale to retail customers, only the Products and render only such services as shall meet the reasonable specifications and standards from time to time approved in writing by Franchisor, as permitted by law, and as permitted under the lease. In furtherance thereof, Franchisee shall be required to purchase from Franchisor or its designee any new Products, which may be introduced from time to time by Franchisor and be required to offer same to the consuming public for its consumption. This may include, but is not limited to, utilization of delivery service.

8.7 In connection with the operation of the Franchisee's Restaurant, the Franchisee is required to purchase certain items of equipment, if applicable, and also certain containers, packaging supplies, paper goods and other product service items for the preparation and service of the Products from sources designated by the Franchisor. Franchisee's obligations under this Section 8.7 shall be satisfied so long as Franchisee equips his/her Restaurant and keeps it maintained in accordance with Franchisor's strict specifications and standards for the items. In the event that Franchisee desires to purchase containers, packaging supplies, paper goods and product service items from sources other than Franchisor, Franchisor shall, without charge, make a license available to such other sources of such products to print the required name, trademarks, and text thereon, but in no event shall Franchisee be entitled to use any containers, packaging supplies, paper goods and other product service items at his/her Restaurant which do not duplicate those authorized by the Franchisor for use in connection with the service of food items; and before use of any such items, Franchisee shall have requested in writing and obtained Franchisor's written approval to have the required name, trademark, and text printed thereon in the form and style directed by Franchisor, and also have had the same so imprinted on the goods prior to using them.

8.8 In connection with the operation of his/her Restaurant, the Franchisee is required to purchase certain other food products, beverages and other similar products and other items offered for consumption to the retail purchaser as stated in the Confidential Operations Manual. Franchisee's obligation under this Section 8.8 shall be satisfied so long as Franchisee purchases the stated products from sources of supply designated by Franchisor. Although it shall not be construed as an attempt to unreasonably limit the sources from which Franchisee may procure certain food products, beverages, products and other similar items, it is the intention of the Franchisor that such items conform to the Franchisor's strict standards and strict specifications of consistent quality and uniformity. Therefore, Franchisor requires Franchisee to purchase such food products, beverages, and other food items from sources designated by the Franchisor. Franchisor shall not be obligated to approve any suppliers.

8.9 Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from Franchisor or from suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.** The foregoing shall not apply to the Products or to supplies, equipment or materials purchased directly from the Franchisor.

8.10 Franchisee shall not, during the terms of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, recipes, food preparation methods, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee, or of which Franchisee may be apprized, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge and know-how, and other data which Franchisor designates as confidential, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to his/her attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

8.11 Franchisee shall only sell or offer for sale such products as described by the Franchisor, from time to time; and Franchisee must obtain Franchisor's written approval for all contemplated menu changes and all additions to and/or deletions of items sold in the Franchisee's Restaurant.

8.12 Franchisee shall comply with all the terms,, conditions, requirements, covenants and agreements in this Agreement and any renewals thereof and supply Franchisor with such information (in addition to that otherwise provided for in this Agreement) as may be reasonably requested by Franchisor.

8.13 Franchisee shall use a standard menu and menu format as required by Franchisor. Franchisee shall only employ Franchisor's designated supplier to reproduce Franchisee's menus using Franchisor's format and specifications. This provision shall not constitute a license of any copyright or trademark to the prospective printer of such menus. Any changes in the menu used at the Restaurant shall be approved in writing by Franchisor prior to use. At the Franchisor's discretion the standard menu format may contain advertising reference to other Restaurants.

8.14 Franchisee shall promptly pay, when due, all taxes levied or assessed, including without limitation federal income taxes, sales taxes, unemployment taxes and all indebtedness to Franchisor incurred by Franchisee in the conduct of the business licensed by this Agreement.

8.15 Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registrations.

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

8.17 Franchisee shall not pledge Franchisor's credit or bind Franchisor to any obligation, nor shall it hold itself out as being authorized to do so.

8.18 Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

8.19 Franchisor and Franchisee understand and agree that the operation of the Restaurant, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental statutes and regulations. To this end, the Franchisor and Franchisee agree that Franchisee owes an obligation to the patrons of his/her Restaurant, Franchisor, and to himself/herself to fully and faithfully comply with all those applicable governing authorities, and all of the same are made a part of this Franchise Agreement as if fully described herein. It is further agreed that in the event any product dispensed at the Franchisee's Restaurant evidences adulteration from the standards of Franchisor's food items or is in violation of applicable law or regulations or in the event the food items, premises, equipment, personnel or operation of the Restaurant fail to be maintained in accordance with the governmental requirements incorporated in this Franchise as aforesaid, Franchisee shall immediately close his/her Restaurant, terminate selling operations thereat; destroy all contaminated or adulterated products and eliminate the source thereof and remedy all unsanitary conditions present, reopening for business only after Franchisor's inspection and laboratory analysis from samples obtained for that purpose by Franchisor, evidence a compliance with the applicable governmental requirements and with the standards of Franchisor. In the event Franchisee or his/her agents or employees fails or refuses to comply with all of the foregoing remedial measures or in the event of any repetition of any adulteration or palming off or failure of sanitation in the Restaurant:

A. The non-prevailing party shall pay the costs and expenses, including attorneys' fees, of both parties, incurred in enforcing the provisions of this Subsection or any provision of this Franchise Agreement in obtaining Franchisee's compliance herewith. The remedies presented herein are in addition to and not in substitution for those stated in Article XXIII of this Franchise Agreement.

B. In furtherance of the foregoing, Franchisee must submit copies of all health, sanitation or other regulatory agency inspection reports to Franchisor immediately upon receipt thereof.

8.20 The Franchisor may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee agrees to cooperate by participating in the Franchisor's market research programs, test marketing new food products and services in the Restaurant and providing the Franchisor with timely reports and other relevant information regarding such market research. In connection with any such test marketing, Franchisee shall purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell such products.

8.21 Franchisee shall be absolutely prohibited from having any vending machines, lottery games or games of chance, newspaper racks, juke boxes, gum or candy machines, games, pinball machines, pay telephones, video games, rides or other mechanical or electronic devices installed or operated at the Restaurant.

8.22 In the event Franchisee sells any food, beverage, products, premiums, novelty items, clothing, souvenirs or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by Franchisee. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

8.23 Franchisee shall sell or otherwise issue gift cards or certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Restaurant in the System. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Confidential Operations Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to Franchisor, other operators of Restaurants, or a third-party service provider for Gift Cards issued from the Franchised Restaurant that are honored by Franchisor or other Restaurant operators.

ARTICLE IX
ADVERTISING AND PROMOTIONAL ACTIVITIES

9.1 Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, Franchisee agrees to contribute to a system-wide advertising and promotional

National Ad Fund (the "National Ad Fund") during the term of this Agreement, and on a weekly basis, an amount Franchisor determines that will not exceed two percent (2%) of Franchisee's Gross Sales.

9.2 The National Ad Fund will be maintained and administered as follows:

9.2.1 Franchisee will contribute to the National Ad Fund weekly by electronic transfer (as specified in the Confidential Operations Manual) based on Franchisee's Gross Sales for each preceding week. During any period of business interruption, Franchisee will continue to make weekly contributions based on his/her average weekly payment during the eight (8) week period immediately preceding the period of business interruption.

9.2.2 Any Franchisor-owned ZPizza Restaurants will make contributions to the National Ad Fund on a basis at least equal to that described in Section 9.1.

9.2.3 Franchisor shall direct all advertising and promotional programs, with the sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The National Ad Fund will establish and maintain an on-line presence. Franchisee agrees that the National Ad Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that Franchisor and its designees undertake no obligation in administering the National Ad Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or pro rata from the placement of advertising.

9.2.4 Franchisee agrees that the National Ad Fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; providing a toll-free number for prospective customers to call for referral purposes; and providing promotional brochures and other marketing materials to franchisees in the System). All sums contributed to the National Ad Fund will be maintained in a separate account from Franchisor's general National Ad Funds and will not be used to defray Franchisor's general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the National Ad Fund (up to twenty percent (20%)).

9.2.5 If Franchisor spends less than the total of all contributions to the National Ad Fund during any fiscal year, it has the right to retain those contributions for use in subsequent years. If Franchisor spends more than the contributions accumulated in the National Ad Fund during any fiscal year, it will have the right to receive from the National Ad Fund reimbursement or credit during the same or subsequent years to the extent of the excess expenditure.

9.2.6 An unaudited summary report on the operation of the National Ad Fund will be prepared annually and will be made available to Franchisee on request ninety (90) to one hundred twenty (120) days after fiscal year end.

9.2.7 Although the National Ad Fund is intended to be of perpetual duration, Franchisor retains the right to terminate the National Ad Fund. The National Ad Fund will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributors on a pro rated basis.

9.2.8 Franchisee authorizes Franchisor to collect for remission to the National Ad Fund any advertising or promotional monies, signing right fees or credits offered by any supplier based upon Franchisee's purchases. Any advertising or promotional monies or credits Franchisor collects from any supplier based upon Franchisee's purchases will not be credited toward Franchisee's required contribution to the National Ad Fund.

9.2.9 Franchisor may establish an advertising council of franchisees. The council will advise Franchisor on advertising policies. Franchisees will elect the members of the council. The council will be advisory and have no operational or decision-making power. The council will operate under its own by-laws, but Franchisor will have the right to change or dissolve the council.

9.3 Franchisee agrees to spend one percent (1%) of his/her annual Gross Sales on local advertising. This amount is in addition to any National Ad Fund contributions. Franchisee must obtain and maintain a bold listing in the white pages directory (or equivalent) servicing his/her area under the name "ZPizza". If other ZPizza Restaurants are located in Franchisee's area, Franchisee must participate in any local advertising cooperative that Franchisor establishes or causes to be formed, if Franchisor requires Franchisee's participation. Such participation may involve, for example, paying a pro rata share of the cost of yellow pages advertising (or equivalent) placed on behalf of Franchisee and other ZPizza Restaurants. If no other ZPizza Restaurants are located in Franchisee's area, Franchisee must maintain a display advertisement, in a form Franchisor specifies, in the local yellow pages directory (or equivalent). The cost of Franchisee's white pages and yellow pages advertising (or equivalent) will count toward Franchisee's local advertising requirement. Franchisee may not solicit business through the use of an 800 (or other toll-free) number, direct mail or other advertising method without Franchisor's prior written consent.

9.4 Franchisee must submit to Franchisor, for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials Franchisor provided. All materials containing the Marks must include the designation trademark ™, registered trademark ®, service mark ℠, copyright ©, or any other designation Franchisor specifies. If Franchisee does not receive written or oral disapproval of any materials submitted within ten (10) days from the date Franchisor receives the materials, the materials are approved. Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. Franchisor must make this requirement in writing, and Franchisee has five (5) days after receipt of Franchisor's notice to withdraw and/or discontinue use of the materials or advertising. Franchisee's submission of advertising for approval does not affect his/her right to determine the prices at which Franchisee sells his/her services or products. Franchisee must include in any significant display advertisements, and in marketing materials for the Restaurant, in conformance with standards in the Confidential Operations Manual, a notice that the Restaurant is individually owned and operated. Subject to any legal restrictions, Franchisee also must display or make available, in the reception area of the Restaurant, marketing materials that Franchisor provides to Franchisee about the purchase of ZPizza Restaurant franchises, but Franchisee has no responsibility or authority to act for Franchisor in franchise sales.

9.5 Franchisee acknowledges and agrees that Franchisor will own all rights to and interest in each telephone number and telephone directory listing used by Franchisee that is associated in any manner with Franchisee's Restaurant and/or with any Mark ("Telephone Listing"). Franchisee acknowledges and agrees that all goodwill arising from or in connection with the use of each Telephone Listing will inure to Franchisor's benefit. Promptly after the expiration, termination, repurchase or transfer of the franchise, and at Franchisee's own expense, Franchisee will notify all telephone companies with whom he/she has any Telephone Listing and direct them to transfer the Telephone

Listing to Franchisor or to any person(s) Franchisor designates, and Franchisee will execute any and all documents necessary to complete these transfer(s). On the execution of this Agreement, Franchisee will sign a telephone transfer consent and authorization, in a form substantially similar to Exhibit G, granting Franchisor the authority to change, transfer or terminate Franchisee's Telephone Listing(s) on Franchisee's behalf. Franchisor will use this authorization only if Franchisee does not comply fully with this Section 9.5 after the expiration, termination, repurchase or transfer of the franchise.

9.6 The Franchisee shall not maintain a World Wide Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Restaurant without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason. Franchisee agrees to submit to Franchisor for approval before use, true and correct printouts of all Website pages Franchisee proposes to use in his/her Website in connection with the Restaurant. Franchisee understands and agrees that Franchisor's right of approval of all such Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with Franchisor's Marks. Franchisee may only use materials which Franchisor has approved. Franchisee's Website shall conform to all of Franchisor's Website requirements, whether stated in the Confidential Operations Manuals or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires. If Franchisor grants approval for a Website, Franchisee may not use any of the Marks at the site except as Franchisor expressly permits. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on his/her Website without Franchisor's prior written consent. If Franchisee wishes to modify the approved site, all proposed modifications must also receive Franchisor's prior written approval. Franchisee explicitly understands that he/she may not post on his/her Website any material which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third party may claim intellectual property ownership interests in). Franchisee agrees to list on his/her Website any Website maintained by Franchisor, and any other information Franchisor requires in the manner Franchisor dictates. Franchisee agrees to obtain Franchisor's prior written approval for any internet domain name and/or home page address. The requirement for Franchisor's prior written approval described in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one or more E-mail addresses and may conduct individual E-mail communication without Franchisor's prior approval as provided above if he/she proposes to send advertising to multiple addresses via E-mail.

ARTICLE X
REPORTS TO FRANCHISOR

10.1 Franchisee shall keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and in accordance with the System, and Franchisee shall:

A. Submit to Franchisor concurrently with the payment of the Royalty Fees, on a form supplied or approved by Franchisor, a signed and verified statement of Gross Sales in cash, credit and/or other charges, and when Franchisee is tied into the computerized cash register system such reports shall be transmitted electronically;

B. Submit to Franchisor within sixty (60) days after the close of each twelve (12) month period an annual profit and loss statement for the Restaurant for such year and a balance sheet for the Restaurant as of the end of such year, reviewed by a independent certified public accountant. Franchisor may randomly select a franchisee or franchisees who will be required to have an audited financial statement prepared by a certified public accountant selected by the franchisee, but who shall be acceptable to Franchisor, which opinion may be qualified only to the extent reasonably acceptable to the Franchisor;

C. Submit to Franchisor a copy of all of Franchisee's Federal, State and Local tax returns of any kind or nature; and a certificate from said accountant that all Social Security payments, taxes and fees required to be paid by Franchisee have been paid and that there is no reason to believe that Franchisee's corporate status, if Franchisee is a corporation, limited liability company or other entity, has been impaired; and

D. Submit to Franchisor such other periodic forms and reports as may be reasonably prescribed by Franchisor.

10.2 Franchisee shall preserve for a period of not less than three (3) years all accounting records and supporting documents relating to the Franchisee's business under this Agreement.

10.3 Franchisee shall record, in a manner approved and designated by Franchisor at the time of receipt, all sales of all products sold by Franchisee from his/her Restaurant in a computerized cash register of a type designated by Franchisor, or on any other machine or recording device recommended or approved in advance by Franchisor.

10.4 In order to determine whether Franchisee is complying with this Agreement, the Franchisor or its designated agents shall have the right, at any time during reasonable business hours, to examine at its expense the books, records, cash control devices, income tax returns, bank statements, sales records of the Restaurant, and the books and records of any corporation, limited liability company or partnership which owns the franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection or audit should reveal that Gross Sales and/or payments have been understated in any report to Franchisor, by more than two percent (2%), then Franchisee shall, upon fifteen (15) days' notice, pay to Franchisor the amount understated upon demand, with interest thereon, and in addition reimburse Franchisor for any and all costs and expenses connected with the inspection (including without limitation, reasonable accounting and attorneys' fees, travel expenses, room and board and compensation of employees of the Franchisor). The foregoing remedies shall be in addition to any other remedies Franchisor may have hereunder or under applicable law.

ARTICLE XI
CONFIDENTIAL OPERATIONS MANUAL

11.1 Franchisor shall lend to Franchisee a confidential operations manual published by Franchisor (the "Confidential Operations Manual") which includes, in part, the business procedures, technical advice and rules and regulations for operating the business.

11.2 Franchisee acknowledges and agrees that:

A. The Confidential Operations Manual is the property of the Franchisor during the term of this Agreement and any renewal hereof;

B. The Confidential Operations Manual contains confidential information which Franchisee will protect as a trade secret, and that its loss will cause substantial damage to Franchisor and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

C. Franchisee shall not reprint or reproduce any portion of the Confidential Operations Manual for any reason whatsoever; and

D. Upon termination of this Agreement for any reason, the Confidential Operations Manual, including any and all paper and electronic copies, will be immediately returned to Franchisor.

11.3 Franchisor may reasonably add to or otherwise modify the Confidential Operations Manual, from time to time, whenever it considers such additions or modifications desirable to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the "ZPizza" name and Marks or to meet competition, provided such additions or modifications are system-wide in nature and do not substantially increase Franchisee's economic burden.

11.4 From the date of the opening of the business by Franchisee, the mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully described herein. All references herein to this Agreement shall include the provisions of the Confidential Operations Manual and all such mandatory specifications standards and operating procedures.

ARTICLE XII
INSURANCE

12.1 Franchisee shall obtain and place at its sole cost and expense, with an insurer rated "A+" in A.M. Best and Company, Inc.'s Directory who is authorized to do business in the state in which the Franchisee's Restaurant is located, and to keep in full force and effect during the terms of this Agreement, insurance coverage on an "occurrence basis" naming Franchisor, its officers, directors and shareholders and any supplier of Products, and any designated primary and secondary lessor as co-insureds (such insurance policies hereinafter referred to collectively as "Insurance") as follows:

A. Comprehensive General Liability Insurance, including broad form contractual liability, employment practices coverage, broad form property damage, personal injury, facilities, completed operations, products liability, automobile (covering all vehicles used in the delivery of products from the Restaurant, including owned, hired and non-owned vehicles), fire legal liability and liquor liability (if serving alcoholic beverages) in the amount of One Million ($1,000,000) Dollars combined single limit, and naming the Franchisor as an additional insured in each such policy or policies;

B. "All Risks" coverage for the full cost of replacement of the Restaurant premises and all other property in which the Franchisor may have an interest, with a replacement cost clause attached, agreed amount endorsement equal to one hundred (100%) percent of the value of the property;

C. Employer's Liability, Workers' Compensation, dramshop, and such other insurance as may be required by statute or rule of the state or locality in which Franchisee's ZPizza Restaurant is located and operated;

D. Business interruption insurance in an amount equal to fifty (50%) percent of Franchisee's annual gross sales excluding ordinary payroll expenses. Franchisor shall be named as an additional insured and loss payee in an amount equal to the royalties that would have been paid based on the Gross Sales of the Restaurant for the preceding twelve (12) month period, or prorated for such shorter period (if the Restaurant has not been in operation for twelve (12) months), and shall expressly provide that any interest of same therein shall not be affected by any breach of Franchisee of any policy provisions for which such certificates evidence coverage; and

E. Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises is located.

F. Franchisee may, with the prior written consent of Franchisor, elect to have reasonable deductibles in connection with the coverage required under Sections 12.1A and 12.1B.

12.2 The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the Franchisee's Restaurant, and shall protect against all acts of any persons who patronize the Restaurant and shall contain a waiver of subrogation against Franchisor.

12.3 Prior to the opening of Franchisee's Restaurant, Franchisee will deliver to Franchisor certificates of the Insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-cancelable as to Franchisor in the absence of thirty (30) days' written notice to Franchisor. Franchisor shall have the right, but shall not be obligated, to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in the case of cancellation. Any cost thereof to Franchisor shall be added to the Royalty Fees otherwise payable to Franchisor under this Agreement, provided, however, that same shall be due and payable to Franchisor by the Franchisee within five (5) days of demand therefor.

12.4 Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in the Franchisee's Restaurant, provided such Insurance is reasonably common in the area for similar operations.

12.5 Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies his/her insurance carrier.

ARTICLE XIII
RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

13.1 Relationship of the Parties

13.1.1 Independent Contractor

Franchisee understands and agrees that Franchisee is and will be Franchisor's independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of Franchisee's employees will be considered to be Franchisor's employees. Neither Franchisee nor any of Franchisee's employees whose compensation Franchisee pay may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions for Franchisee's ZPizza Restaurant does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee.

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

Franchisee may not, without Franchisor's prior written approval, have any power to obligate Franchisor for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, Franchisor may not control or have access to Franchisee's funds or the expenditure of Franchisee's funds or in any other way exercise dominion or control over Franchisee's ZPizza Restaurant. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the ZPizza Restaurant.

13.1.2 Sole and Exclusive Employer of Franchisee's Employees

Franchisee hereby irrevocably affirms, attests and covenants Franchisee's understanding that Franchisee's employees are employed exclusively by Franchisee and in no fashion are any such employee employed, jointly employed or co-employed by Franchisor. Franchisee further affirms and attests that each of Franchisee's employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever. Franchisee alone hires each of Franchisee's employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/ /unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate Franchisee's employees to the exclusion of Franchisor, which has no such authority or ability. Franchisee further attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that Franchisee's ZPizza Restaurant is at all times staffed at those levels necessary to operate Franchisee's ZPizza Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other ZPizza brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee affirms, warrants and understands that Franchisee may staff Franchisee's ZPizza Restaurant with as many employees as Franchisee desires at any time so long as Franchisor's minimal staffing levels are achieved. Franchisee also affirms and attests that any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate Franchisee's ZPizza Restaurant, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee affirms and attests that any training provided by

Franchisor for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems and operations of a ZPizza Restaurant and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee's appearing at any such venue.

13.1.3 Franchisee Not Authorized

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

13.2 Franchisee recognizes that Franchisor has entered into this Agreement in reliance upon and in recognition of the fact that Franchisee will have full responsibility for the management and operation of the business and that the amount of profit or loss resulting from the operation of the business will be directly and solely attributable to the performance of Franchisee.

13.3 Except as expressly granted herein, Franchisee recognizes that nothing contained in this Agreement shall be construed as giving to Franchisee or to any other person or entity any right or interest in the Franchisor's names, Marks, trade secrets, methods, procedures or techniques developed by Franchisor and used in the System. Further, except as specifically stated in Article I hereof, nothing contained herein shall be construed as limiting Franchisor's right, title or interest in the "ZPizza" name, Marks, trade secrets, methods, procedures and techniques which are a part of the System or Franchisor's sole and exclusive right to register, trade secrets, methods, procedures and techniques.

13.4 In all public records and prominently displayed in Franchisee's Restaurant and in Franchisee's relationship with third parties, as well as on letterheads and business forms, Franchisee shall indicate clearly the independent ownership of the Franchisee's Restaurant, and that the operations of same are separate and distinct from the operation of Franchisor's business. Franchisor shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

13.5 The Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Restaurant or its assets, or upon the Franchisor in connection with sales made, services performed or business conducted by Franchisee.

13.6 Franchisee agrees to indemnify and hold the Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Restaurant, which is due solely to Franchisee's negligence, breach of contract or other civil wrongs, unless such loss, liability or damage is solely due to the negligence of the Franchisor (or any of its affiliates, i.e., any company controlling, controlled by, or under common control with the Franchisor) in producing, handling or storing the proprietary food items sold to Franchisee (provided Franchisor shall have established that Franchisee inspected such proprietary food items in accordance with the procedures stated in the Confidential Operations Manual and could not have reasonably discovered the adulteration or other defect in such proprietary food items which was the case of such loss, liability or damage). Franchisee acknowledges and agrees that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of the Franchisor in connection with handling or storing the Products shall not be attributable to or constitute negligence of the Franchisor.

13.7 The Franchisor agrees to indemnify and hold Franchisee harmless against, and to reimburse him/her for, any loss, liability or damage (actual or consequential) and all reasonable costs and expenses of defending any claim brought against him/her or any action in which he/she is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which he/she may suffer, sustain or incur solely by reason of, arising from or in connection with the negligence of the Franchisor (or any of its affiliates, i.e., any company controlling, controlled by or under common control with the Franchisor) in producing, handling or storing the proprietary products (provided Franchisee shall have established that Franchisee inspected such Products in accordance with the procedures stated in the Confidential Operations Manual and could not have reasonably discovered the adulteration or other defect in such Products which was the cause of such loss, liability or damage). Franchisee acknowledges and agrees that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of the Franchisor in connection with handling or storing proprietary food items shall not be attributable to or constitute negligence of the Franchisor.

ARTICLE XIV
COVENANTS NOT TO COMPETE

14.1 During the term of this Agreement, or any extension thereof, neither Franchisee, nor any partner, if the Franchisee is a partnership, nor any shareholder or member, if the Franchisee is a corporation or limited liability company, shall either directly or indirectly for himself or herself or on behalf of, or in conjunction with any other person, persons, partnership, association or corporation own, maintain, engage in, participate or have any interest in the operation of any enterprise which is the same or substantially similar to the ZPizza Restaurant franchise, or any other business which distributes, produces or sells the Products or pizza and sandwiches, and which products constitute more than thirty (30%) percent of the total menu items ("Menu Items"), provided, however, that this prohibition shall not apply to the ownership by the Franchisee of additional Restaurants.

14.2 For a period of two (2) years following termination, expiration, or non-renewal of this Agreement, except where the termination occurs due to the fault or action of the Franchisor and not due to default of the Franchisee or any partner, if the Franchisee is a partnership, or any shareholder or member, if the Franchisee is a corporation or limited liability company, the Franchisee shall not, except with respect to the ownership or operation by Franchisee of additional Restaurants:

A. Engage, employ or compensate or seek to employ any person who is at that time engaged, operating or employed by or at any other Restaurants, or to otherwise directly or indirectly induce such person to leave his/her or her employment thereat;

B. Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any enterprise which directly or indirectly competes with or is the same or substantially similar to the franchise covered by this Agreement, or which distributes, produces or sells the Products within the United States.

14.3 In the event Franchisee fails or refuses to comply with the in-term or post-term covenants of this Article, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance or make the provision of said paragraph unenforceable in whole or in part, and provided that the jurisdiction in which Franchisee's Restaurant is located permits, Franchisee hereby separately covenants and agrees that while this Agreement is in effect and for two (2) years after its termination, except where termination occurs due to the fault or action of Franchisor and not due to default of Franchisee, Franchisor shall have the right to require that all sales made in the operation of any business which directly or indirectly competes with it or with a Restaurant or to the System, or which distributes, produces or sells pizza and sandwiches, and which products constitute more than thirty (30%) percent of the Menu Items, or within the United States, if this Agreement has been terminated, shall be reported to Franchisor and Franchisee agrees to pay Franchisor upon demand, the weekly fee of Five Hundred Dollars ($500) on the times and in the manner specified in Article V hereof all without being deemed to revive, modify or expand this Agreement. The covenants of this Article shall survive the termination or expiration of this Agreement.

14.4 Franchisee shall not, during the term of this Agreement or after its termination or non-renewal, communicate or divulge to any other person, persons, partnership, corporation or other entity any information or knowledge concerning the methods of operation used in a Restaurant franchise nor shall Franchisee disclose or divulge, in whole or in part, any trade secrets of Franchisor or its affiliated companies or subsidiaries thereof.

14.5 The parties agree that the covenants contained in Sections 14.2, 14.3 and 14.4 above shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article.

14.6 Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this paragraph, the damage to Franchisor would be difficult to ascertain, and in addition to the liquidated damages payable to Franchisor as hereinafter provided for the breach of any or all of said covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs.

14.7 Covenants contained in this Article shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained herein and shall not affect any other provisions or terms of this Agreement.

ARTICLE XV
MODIFICATION OF THE SYSTEM

Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other market place variables and the needs of customers, and to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those programs and services which Franchisee's Restaurant is authorized to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations, provided, however, that such changes are system-wide in nature do not materially and unreasonably increase Franchisee's economic obligations hereunder.

Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE XVI
FRANCHISEE

The term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include partners of the entity that executes this Agreement, in the event said entity is a partnership, all shareholders, officers and directors owning more than a twenty-five (25%) percent ownership interest in the entity that executes this Agreement, in the event said entity is a corporation, and all members and managers owning more than a twenty-five percent (25%) ownership interest in the entity that executes this Agreement, in the event said entity is a limited liability company. By their signatures hereto, all partners, shareholders, officers, directors, members and managers of the entity that signs this Agreement as Franchisee acknowledges and accepts the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the neuter and masculine usages include the other and the feminine.

ARTICLE XVII
TERMINATION

17.1 Franchisor may terminate this Agreement upon the occurrence of any of the following events of default:

A. Failure by Franchisee to make complete and timely payment of any and all fees and billings due Franchisor or any of its subsidiary or affiliated corporations;

B. Failure to comply with the reporting or record keeping requirements of this Agreement, and/or the under-reporting of Gross Sales by two percent (2%) or more;

C. The misstatement by Franchisee of any material fact, or failure to disclose or the understatement of any material fact in any report furnished to the Franchisor pursuant to this Agreement or the Confidential Operations Manual, whether or not such misstatement or failure to disclose or understatement is intentional;

D. A breach by Franchisee of any provision of this Agreement, any material provision of the Confidential Operations Manual, or any other agreement between Franchisor and Franchisee or any of its subsidiary or affiliated corporations;

E. Franchisee's engaging in any conduct or practice that, in the reasonable opinion of Franchisor, is detrimental or harmful to the good name, goodwill or reputation of Franchisor or its products or other franchisees or the public;

F. Franchisee's engaging in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;

G. Any pledge or attempted pledge of Franchisor's credit by Franchisee, or an attempt by Franchisee to bind Franchisor to any obligation;

H. Failure by Franchisee to participate in the advertising, promotional, or marketing activities, services, and programs that are established by Franchisor or Franchisor's National Ad Fund;

I. Unauthorized or improper use by Franchisee of the Marks;

J. Misuse or unauthorized disclosure by Franchisee of the Confidential Operations Manual, information or materials;

K. Failure to use or sell any of the proprietary food items to the exclusion of those of any competitors and the failure to perform all of the services required by Franchisor, including but not limited to the forwarding of copies of all health or sanitation or other regulatory agency reports to Franchisor immediately upon receipt thereof;

L. Failure to open Franchisee's Restaurant at the location designated by Franchisee within the time specified in the lease;

M. Except as otherwise provided herein, failure by Franchisee to purchase his/her entire requirement of any of the food items from sources of supply designated by Franchisor and to sell the same to the consuming public using his/her best efforts;

N. Failure to correct any local, state or municipal healthy or sanitation law or code violation within twenty-four (24) hours after being cited for such violation, except if Franchisee cannot effect a cure within said time frame, but has, in good faith, initiated a cure of such violations; or

O. Sale of the food items to other than the retail customer (ultimate consumer), without Franchisor's prior consent.

17.2 To terminate Franchisee for default of this Agreement pursuant to Section 17.1 above, Franchisor shall first provide Franchisee with written notice of termination, which notice shall specify the reason for and the Effective Date of Termination. This Agreement shall terminate on the date specified therein, which shall not be less than thirty (30) days from the posted day of the notice (or such longer period as provided by State law), unless:

A. Franchisee cures the default or reason for termination during the notice period;

B. Franchisee has in good faith, initiated a cure of the default or reason for termination within the notice period, and such default or reason cannot be completely cured during the notice period because of factors reasonably beyond the exclusive control of Franchisee, in which event Franchisor, by notice, shall permit Franchisee a reasonable opportunity, in light of such factors, to effect a complete cure; or

C. The provisions of Subsection 17.2 A and B notwithstanding, this Agreement shall nonetheless terminate if the default or reason for termination has been stated in two (2) prior notices of termination within any prior twelve (12) month period, and/or if two (2) or more health code violations have been committed within any prior twelve (12) month period, or if Franchisee is terminated as a result of under-reporting Gross Sales by two percent (2%) or more.

17.3 Upon written notice to Franchisee, Franchisor may, without right to cure, immediately terminate this Agreement upon the occurrence of any of the following events of default:

A. Any action by Franchisee, any of his/her partners, if Franchisee is a partnership, or any of its officers, directors or stockholders, if Franchisee is a corporation, or any of its members or managers, if Franchisee is a limited liability company, which results in:

(i) An affirmative act of insolvency;

(ii) An assignment for the benefit of creditors;

(iii) The filing of a petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors, except with respect to any relief permitted under the Federal Bankruptcy Code;

(iv) Violation of the Anti-Terrorism Laws, as described in Article XXXVII hereof.

B. The filing of any involuntary petition under any bankruptcy statute against Franchisee, any of its partners, any of its stockholders owning at least twenty-five (25%) percent of any class of stock, or any of its members owning at least twenty-five percent (25%) of any class of membership interests, or the appointment of any receiver or trustee to take possession of property of Franchisee, any of its partners, or any of its stockholders owning twenty-five (25%) percent of any class of stock of Franchisee, or any of its members owning at least twenty-five percent (25%) of any class of membership interests;

C. Failure by Franchisee to satisfy fully a civil judgment obtained against Franchisee for a period of more than thirty (30) days after all rights of appeal have been exhausted, or execution of such a judgment, execution of a lien, or foreclosure by a secured party or mortgage against Franchisee's property, which judgment, execution of a lien, or foreclosure by a secured party or mortgage would have an adverse or detrimental effect upon Franchisee's franchised operation;

D. Conviction of Franchisee, or any partner of Franchisee, or any officer, director, stockholder or member owning at least twenty-five (25%) percent of any class of equity interest of Franchisee, or the manager of Franchisee's franchise, of any crime which in the opinion of Franchisor would adversely affect the goodwill or interest of Franchisee or Franchisee's Restaurant;

E. The uncured default by Franchisee under any lease of Franchisee's Restaurant which could possibly result in the loss by Franchisee of the right to possess for any reason whatsoever;

F. A final judgment or the unappealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of Franchisee's business or is required under applicable law;

G. The direct or indirect assignment, transfer, sale or encumbrance by Franchisee of this Agreement or franchise or any of his/her rights or privileges contrary to this Agreement, or any attempt by Franchisee to sell, assign, transfer or encumber the Restaurant contrary to the terms of this Agreement;

H. Failure by Franchisee to remain open for business as required by this Agreement or as may be required by the Confidential Operating Manual, as may be limited by local law or the prime landlord, or the abandonment or vacating by Franchisee of his/her Restaurant or for three (3) or more consecutive days; or

I. Dissolution, judicial or otherwise, or liquidation of Franchisee, if Franchisee is a corporation, limited liability company or partnership.

17.4. **Cross-Defaults, Non-Exclusive Remedies, etc.** Any default by Franchisee (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, including, but not limited to, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee).

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

ARTICLE XVIII
RIGHTS AND DUTIES OF THE PARTIES
UPON EXPIRATION OR TERMINATION

18.1 For the purpose of this Agreement, the "Effective Date of Termination" shall be the date indicated in any notice of termination sent pursuant to Section 17.2 or 17.3 of this Agreement or the day after the Initial Term, as stated in Section 4.1 of this Agreement.

18.2 Upon the Effective Date of Termination, Franchisee shall no longer be an authorized franchisee and Franchisee shall pay all sums of money due Franchisor or any of its subsidiary or affiliated corporations within fifteen (15) days of the Effective Date of Termination, unless Franchisor gives written notice of an extension of this period.

18.3 Upon the Effective Date of Termination, Franchisee shall discontinue the use of all Marks owned by or associated with Franchisor and all similar names and marks, or any other designation or mark associating Franchisee with the System. If Franchisee is a corporation, limited liability company or partnership and, notwithstanding the prohibition of utilizing the "ZPizza" name in its corporate or partnership name, has used the "ZPizza" name or any names, marks or designations that associate Franchisee with Franchisor in its corporate or partnership name, Franchisee shall, within fifteen (15) days of the Effective Date of Termination, take all necessary steps to eliminate "ZPizza" from its corporate or partnership name, at his/her own cost and expense.

18.4 Upon the Effective Date of Termination, Franchisee shall cease displaying and using all signs, stationery, letterheads, forms, manuals, printed matter, advertising, and other material containing the Marks, "ZPizza" or any other names, marks, or designations that associate Franchisee with the System.

18.5 After the Effective Date of Termination, Franchisee shall refrain from taking any action indicating or implying that he is an authorized franchisee.

18.6 Franchisee shall maintain all financial records and reports required pursuant to this Agreement or the Confidential Operations Manual for a period of not less than three (3) years after the Effective Date of Termination. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records within three (3) years of the Effective Date of Termination.

18.7 Upon the Effective Date of Termination, Franchisee shall, pursuant to the lease or conditional lease assignment and upon demand of Franchisor, vacate and surrender the Restaurant premises in accordance with the terms and conditions under the terms of the lease, and/or conditional lease assignment.

18.8 Upon the Effective Date of Termination, Franchisee shall cease all use of telephone numbers used by Franchisee while conducting business as a ZPizza Restaurant franchise and shall promptly execute such documents or take such steps necessary to remove Franchisee's listing as a ZPizza Restaurant franchise from the "Yellow Pages", all other telephone directories, and all other trade or other business directories.

18.9 Within fifteen (15) days from the Effective Date of Termination of this Agreement, Franchisee shall immediately turn over to Franchisor all manuals, including the Confidential Operations Manual, records, files, instructions, recipes, menus, correspondence, any and all materials relating to the operation of the Franchised Business in Franchisee's possession, and all copies of such written materials, including electronic copies (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which the Franchisee reasonably needs for compliance with any provision of law and the records described in Section 18.6 hereof.

18.10 Franchisor shall have the right (but not the duty) to be exercised by notice of intent to do so within ten (10) days after the Effective Date of Termination, to purchase any or all of the signs, advertising material, supplies, equipment and any items bearing the Marks at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent qualified appraiser shall be designated by each party and their determination shall be binding on both parties. If these appraisers are unable to arrive at a fair market value, they will designate a third, approved appraiser whose determination shall be binding upon both parties. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

18.11 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder.

18.12 Nothing contained herein shall be deemed to relieve Franchisee of any obligations or responsibilities or liabilities incurred by Franchisee during the term of this Agreement or any renewals hereof, or his/her lease and which obligations, responsibilities or liabilities shall survive the termination, expiration or non-renewal of this Agreement or lease.

ARTICLE XIX
COMMENCEMENT AND HOURS OF OPERATIONS

Franchisee recognizes that continuous and daily availability of any of the proprietary food items and Products to the public is essential to the adequate promotion of Franchisee's Restaurant and that any failure to provide such availability affects Franchisor both locally and nationally. Franchisee shall make himself or his trained manager personally available to provide the Products to the consuming public at a minimum of ten (10) hours per day, seven (7) days per week, or as required by any lease if different, except where prohibited or otherwise regulated by a governmental authority, including any state or local licensing authority, and shall otherwise conduct the business in accordance with generally accepted business standards. These requirements may be changed by Franchisor from time to time, and upon reasonable notice to Franchisee and may differ from one franchisee to another based upon the specific characteristics of a particular location.

ARTICLE XX
TRANSFERABILITY OF INTEREST

20.1 Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to him/her (or to Franchisee's owners or partners if Franchisee is a corporation, a limited liability company or a partnership), therefore neither this Agreement nor the franchise granted hereby shall be assignable or transferable by Franchisee, nor may the same be mortgaged, pledged or encumbered by him/her without the express prior written consent of Franchisor, and any purported assignment, mortgage, pledge or encumbrance thereof, without the prior written consent of Franchisor, shall be null and void. The issuance or transfer of any stock (including by way of any public stock offering), membership interest(s) or partnership interest(s) in Franchisee, or its merger, a consolidation or dissolution, if the Franchisee is a corporation, limited liability company or a partnership, shall be deemed an assignment of this Agreement and of the franchise granted herein.

20.2 If Franchisee is an individual, Franchisor hereby consents, upon thirty (30) days' prior written notice, to the assignment by Franchisee of all of his/her rights and benefits under this Agreement to a corporation or limited liability company of which Franchisee owns at least a majority of the voting and equity stock or membership interests, provided that:

A. Such entity is newly organized and its activities and corporate purposes are confined exclusively to acting as a Restaurant franchised under this Agreement;

B. Such entity and all stockholders or members thereof execute a Transfer of Franchise to a Corporation or Limited Liability Company form, or such other form as shall be provided or approved by Franchisor, in which they jointly and severally assume all of the past and future obligations of Franchisee under this Agreement, to the same extent as if they had originally executed this Agreement as Franchisee;

C. Franchisee or his/her designated manager actively manages such entity and continues to devote his/her best efforts and full and exclusive time to the day-to-day operation and development of the franchise and the business of the Restaurant and Franchisee shall remain personally liable in all respects under this Agreement, including but not limited to payment for the purchase of any of the Products, jointly and severally with such entity and any and all other stockholders or members thereof; and

D. All certificates of such entity bear the following legend, which shall be printed legibly and conspicuously on the front of each such certificate:

> **"The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement entered into with ZPizza International, Inc., dated ________, 20__".**

20.3 In the event Franchisee, any stockholder, member or partner of a corporate, limited liability company or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder, member or partner of any corporate, limited liability company or partnership

Franchisee, desires to effect any sale or assignment of any partnership, stock or other interest in this Agreement, or of Franchisee's rights and benefits under this Agreement, including, without limitation, the franchise granted hereby, and/or the ownership for the Restaurant franchised hereby, Franchisee or such other authorized person or party shall give Franchisor written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, including providing Franchisor with all other documents and data required prior to the Franchisor approving the sale. Franchisor shall have the right of first refusal, for a period of fifteen (15) days after receipt of such notice, to notify Franchisee or such other person or party of Franchisee's desire to exercise such option under the same terms and conditions as the aforesaid bona fide offer. If Franchisor fails to exercise such option in the time period allotted, then Franchisee shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions thereof, subject, of course, to Franchisee's compliance with all of the other terms and provisions of this Agreement. In the event the terms of such bona fide offer change, then Franchisee shall be obligated to re-offer the franchise to Franchisor for an additional fifteen (15) day period.

20.4 In addition to all of the other conditions stated in Sections 20.2 and 20.3 hereof which pertain to the right of Franchisee to assign, transfer or sell the license created hereunder, Franchisee hereby agrees that any and all rights of assignment, transfer or sale by Franchisee of this franchise and the rights therein are conditioned upon compliance with each of the following:

A. Any such assignment, transfer, or sale shall be subject to the approval by Franchisor of such assignee and of the moral and credit background of such assignee and any and all stockholders or partners thereof, which approval shall not be unreasonably withheld;

B. The assignee, transferee, or purchaser, and all stockholders, members or partners thereof if same is a corporation, limited liability company or partnership, shall at Franchisor's option either personally assume in writing all of the obligations of Franchisee, past disclosed or undisclosed and under this Agreement, or execute the then-current Franchise Agreement, in the form used by Franchisor, except that the Royalty Fee and Advertising Fee thereunder shall not be greater than that provided by Article V and IX hereof for the remainder of what would have been the initial term of this Agreement. However, Franchisor shall have the right to reasonably increase the Royalty Fee and the Advertising Fee, in conformity with the System, during any renewals thereof;

C. Franchisee, such assignee, transferee or purchaser and any and all stockholders, members or partners thereof shall execute a general release in favor of Franchisor, its officers, directors, and employees of any and all claims and causes of action that they may have against Franchisor or its subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by Franchisor;

D. All prior obligations and debts of Franchisee or corporate assignee of Franchisee owed to Franchisor under or in connection with this Agreement shall be paid concurrently with such assignment;

E. Franchisee must not be in default under this Agreement or any renewals thereof or of any lease agreement to which Franchisee is a party;

F. Assignee, transferee or purchaser shall not be in the same business as Franchisor either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the assignee, transferee or purchaser may be an existing franchisee of Franchisor;

G. Prior to the effective date of the assignment, transfer or sale, the assignee, transferee, or purchaser must satisfactorily complete the Franchisor's training program required of all new franchisees;

H. Assignee, transferee, or purchaser shall, prior to any such assignment, pay to Franchisor a non-refundable transfer fee equal to Five Thousand Dollars ($5,000) to reimburse Franchisor for its legal and accounting fees, credit investigation, training expenses, and other charges and expenses in connection with such assignment, transfer or sale; and

I. Franchisee shall enter into an agreement with the Franchisor agreeing to subordinate such assignee's, transferee's or purchaser's obligations to the Franchisor, including, without limitation, any Royalty Fees and Advertising Fees, and any obligations of such assignee, transferee or purchaser to make installment payments of the purchase price to Franchisee.

20.5 Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of ZPizza International, Inc. as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "ZPizza" Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, except that if such businesses are located within any exclusive territory granted to Franchisee, those businesses will not change their names to "ZPizza".

If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the ZPizza Restaurant business or to offer or sell any products or services to Franchisee.

20.6 In addition to the requirements of this Article, Franchisee must promptly ("promptly" being herein defined as within fifteen (15) days of receipt of an offer to buy) give Franchisor additional written notice whenever Franchisee has received a bona fide offer from a third party to buy Franchisee's business franchised hereunder. Franchisee must also give Franchisor written notice simultaneously with any offer to sell Franchisee's Restaurant made by, for, or on behalf of Franchisee. The purpose of this Subsection is to enable Franchisor to comply with any applicable state or federal franchise disclosure law or rules. Franchisee agrees to indemnify and hold Franchisor harmless for Franchisee's failure to comply with this Subsection.

20.7 The Franchisor's consent to an assignment of any interest subject to the restrictions hereof shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of the Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee, transferee or purchaser.

20.8 In the event Franchisee shall, subject to the restrictions and conditions of transfer contained in this Article, attempt to raise or secure funds by the sale of securities (including, without limitation, common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliates of Franchisee, Franchisee, recognizing that the written information used with respect thereto may reflect upon the Franchisor, agrees to submit any such written information to the Franchisor prior to its inclusion in any registration statement, prospectus or similar Disclosure Document or memorandum and to obtain the written consent of the Franchisor to the method of financing prior to any offering or sale of such securities. For each proposed offering, Franchisee shall pay Franchisor a non-refundable fee in an amount equal to Five Thousand Dollars ($5,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. The written consent of the Franchisor pursuant to this Section 20.8 shall not imply or constitute the approval of the Franchisor with respect to the method of financing, the offering literature submitted to the Franchisor or any other aspect of the offering. No information respecting the Franchisor or any of its affiliates shall be included in any securities disclosure document, unless such information has been furnished by the Franchisor, in writing, pursuant to the written request of the Franchisee, in which the Franchisee states the specific purpose for which the information is to be used. Should the Franchisor, in its sole discretion, object to any reference to the Franchisor or any of its affiliates or any of their businesses in such offering literature or prospectus, such literature or prospectus shall not be used unless and until the objections of the Franchisor are withdrawn. The Franchisor assumes no responsibility for the offering whatsoever.

The prospectus or other literature utilized in any such offering shall contain the following language in bold-face type on the first textual page thereof:

> **"NEITHER ZPIZZA INTERNATIONAL, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION PRESENTED HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER ZPIZZA INTERNATIONAL, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

Franchisee and each of its owners agrees to indemnify, defend and hold harmless the Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities, arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. The Franchisor shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which the Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

ARTICLE XXI
DEATH OR INCAPACITY OF FRANCHISEE

21.1 In the event of the death or permanent incapacity or disability of Franchisee, i.e., he/she is unable to operate the Restaurant as an individual franchisee, or any partner of a Franchisee which is a partnership, or any shareholder or member owning fifty percent (50%) or more of the equity interest of a Franchisee which is a corporation or limited liability company, the Franchisor shall consent to a transfer of said Franchisee's interest to his/her heirs, beneficiaries or family designees, (hereinafter referred to in this Article as "Transferee") without payment of a transfer fee, subject to the following conditions:

A. The Transferee must complete, and be approved through, Franchisor's standard franchise selection process including satisfactorily demonstrating to Franchisor that he meets the financial character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;

B. The Transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as the original Franchisee; and

C. If the Transferee is not approved, the Franchisee or his/her legal representative shall use his/her best efforts to sell the Restaurant to a party acceptable to Franchisor within twelve (12) months from the date of the Franchisee's death or permanent incapacity or disability and Franchisor shall have the option, but not the obligation, to operate and/or manage the Restaurant for the account of Franchisee's estate until the deceased or incapacitated Franchisee's interest is transferred to another party acceptable to Franchisor. Should Franchisor elect to operate and/or manage the franchised Restaurant, Franchisor shall make a complete accounting and shall forward fifty percent (50%) of the net income for the operation of the Restaurant to Franchisee's estate. If the conveyance of the Restaurant to a party acceptable to Franchisor has not taken place within the twelve (12) month period, Franchisor shall have the option but not the duty to purchase the Restaurant and its equipment therein at the fair market value thereof as determined by independent qualified appraisers selected by the Franchisor and the estate. In the event that these appraisers cannot agree on a fair market value, a third appraiser shall be selected by the other two appraisers and his/her determination shall be binding on both parties. However, if the Franchisor chooses not to repurchase the Restaurant, then it may elect to terminate this Agreement, in which event the franchised business hereunder will automatically revert back to the Franchisor, with the Franchisor being obligated to purchase the equipment and trade fixtures at their book value, as stated in the last certified financial statement of Franchisee.

ARTICLE XXII
OPERATION IN THE EVENT OF ABSENCE OR DISABILITY; STEP-IN RIGHTS

In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Restaurant, operate the Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Restaurant franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

If Franchisor determines in its sole judgment that the operation of Franchisee's Restaurant is in jeopardy, or if a default occurs, then in order to prevent an interruption of the franchised Restaurant which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her Restaurant for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the franchised Restaurant if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's Restaurant; or Franchisor determines that operational problems require that Franchisor operate Franchisee's Restaurant for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the Restaurant as a going concern.

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor, Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

ARTICLE XXIII
INJUNCTIVE RELIEF

23.1 In the event that Franchisee is in default, except for default with respect to monies required to be paid by Franchisee to Franchisor, under any provisions of this Agreement, Franchisor shall be entitled to seek a permanent injunction and any preliminary or temporary equitable relief in connection therewith in order to restrain the violation of this Agreement by Franchisee or any person acting for him/her or in his/her behalf. In addition, Franchisor shall be entitled to its reasonable attorneys' fees and courts costs in connection therewith or in connection with any other remedy sought by Franchisor, provided Franchisor is the prevailing party. This remedy shall be cumulative to any other remedy available to Franchisor.

23.2 Franchisee agrees that it is impossible to measure in money the damages which Franchisor will sustain in the event of Franchisee's breach of this Agreement and, therefore, in the event Franchisor institutes injunctive proceedings under Section 8.10, Articles III, XI, XIV, XVIII, XX and this Article, Franchisee hereby waives the defense that Franchisor has an adequate remedy at law.

ARTICLE XXIV
RISK OF OPERATIONS

FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES AND RISKS OF THIS BUSINESS AND, THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT AS SPECIFICALLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTEES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR OR BY ANYONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT IT, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, OR THE DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE RESTAURANT. FRANCHISEE HEREBY ACKNOWLEDGES THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE. FRANCHISEE THEREFORE RELEASES FRANCHISOR, ITS SUBSIDIARY OR AFFILIATED CORPORATIONS, OFFICERS, DIRECTORS, AFFILIATES AND EMPLOYEES FROM ANY CLAIMS, SUITS AND LIABILITY RELATING TO THE OPERATION OF FRANCHISEE'S RESTAURANT INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS, EXCEPT TO THE EXTENT THAT THE SAME IS PREDICATED UPON THE BREACH OF A SPECIFIC WRITTEN OBLIGATION OF FRANCHISOR CONTAINED IN THIS AGREEMENT.

ARTICLE XXV
OTHER OBLIGATIONS

Nothing contained in this Agreement shall inhibit or limit the unrestricted right of Franchisor to enter into or engage in any business or in the sale itself, or the licensing to others for the sale, of the proprietary food items other than the limitations imposed upon Franchisor by Article I hereof; Franchisee shall have no rights, benefits or entitlement with respect thereto.

ARTICLE XXVI
FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limitation, the generality of the foregoing acts or omission of other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections or acts of God, inability of Franchisor to purchase, deliver and/or manufacture of any of the proprietary food items, provided that inability of a party to obtain funds shall be deemed to be a cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

ARTICLE XXVII
WAIVER OF VIOLATION OR DEFAULT

Waiver by Franchisor or Franchisee of any violation or default hereunder shall not alter or impair either party's right with respect to any subsequent violation or default, nor shall any delay or omission on the part of either party to exercise any right arising from such violation of default alter or impair such party's rights as to the same or any future violation or default. An acceptance by Franchisor of any payment from Franchisee after the date on which such payment is due shall not operate as a waiver of Franchisee's default or violation hereunder, nor alter or impair Franchisor's rights with respect to such violation or default.

ARTICLE XXVIII
NOTICE AND TIME

28.1 All communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by fax transmission, or one (1) business day after being sent by overnight commercial courier service for next business day delivery, or five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid. Notice to Franchisor shall be addressed to:

ZPIZZA INTERNATIONAL, INC.
2601 Main Street, #910
Irvine, California 92614
Telephone: (949) 719-3800
Fax: (949)

COPY TO:

Harold L. Kestenbaum, Esq.
Harold L. Kestenbaum, P.C.
175 Broadhollow Road, Suite 175
Melville, New York 11747
Fax: (516) 745-0293

Notice to Franchisee shall be addressed to:

____
____
____
FAX:________________________

Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports required to be made by Franchisee under this Agreement shall be given to Franchisor at the above address, except that regular reports may be sent by regular mail.

28.2 Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

ARTICLE XXIX
APPLICABLE LAW AND VENUE

29.1 This Agreement takes effect upon its acceptance and execution by the Franchisor in California, and shall be interpreted and construed under the laws thereof, which laws shall prevail in the event of any conflict of law.

29.2 No right or remedy conferred upon or reserved to the 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 cumulative of every other right or remedy.

29.3 Nothing herein contained shall bar the Franchisor's right to seek injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

29.4 Franchisee acknowledges that he/she has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of California, where Franchisor's decision making authority is vested and franchise operations are conducted and supervised. Therefore, the parties herein irrevocably agree and consent that in any action or proceeding hereafter brought by either party to this Agreement, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in the State of California, County of Orange.

29.5 The parties hereto agree to waive, now and forever, any and all rights either may have under the federal statute known as RICO.

29.6 The parties hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. The parties irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

29.7 In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

29.8 Franchisee agrees that he will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any Royalty Fee, advertising contributions or any other amounts due to Franchisor.

ARTICLE XXX
ARBITRATION

30.1 IN THE EVENT ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY HEREUNDER, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR

PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR THE SETTLEMENT THEREOF ESTABLISHES THE OTHER PARTY'S DEFAULT HEREUNDER, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION THEREAFTER. NOTHING CONTAINED IN THIS PARAGRAPH SHALL RELATE TO ARBITRATION PROCEEDINGS PURSUANT TO THIS AGREEMENT.

30.2 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT AS AMENDED AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE AT AN APPOINTED TIME AND PLACE IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE.

30.3 EACH PARTY SHALL SELECT ONE (1) ARBITRATOR (WHO SHALL NOT BE COUNSEL FOR THE PARTY), AND THE TWO (2) SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION OF EITHER PARTY. JUDGMENT UPON ANY AWARD OF THE MAJORITY OF THE ARBITRATORS SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATORS MAY GRANT ANY RELIEF WHICH MIGHT BE GRANTED BY A COURT OF GENERAL JURISDICTION, INCLUDING, WITHOUT LIMITATION, BY REASON OF ENUMERATION, AWARD OF DAMAGES (BUT EXCLUDING INJUNCTIVE RELIEF), AND MAY, IN THE DISCRETION OF THE ARBITRATORS, ASSESS, IN ADDITION, THE COSTS OF ARBITRATION, INCLUDING THE REASONABLE FEES OF THE ARBITRATORS AND REASONABLE ATTORNEYS' FEES, AGAINST EITHER OR BOTH PARTIES, IN PROPORTIONS AS THE ARBITRATORS SHALL DETERMINE.

30.4 NOTHING HEREIN CONTAINED SHALL BAR THE RIGHT OF EITHER PARTY TO SEEK AND OBTAIN TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH ARTICLE XXIII HEREOF IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL IN ALL PROBABILITY CAUSE LOSS OR DAMAGE TO FRANCHISEE OR FRANCHISOR.

30.5 IT IS THE INTENT OF THE PARTIES THAT ANY ARBITRATION BETWEEN THE FRANCHISEE AND FRANCHISOR REGARDING A CLAIM OF FRANCHISEE SHALL BE OF FRANCHISEE'S INDIVIDUAL CLAIM AND THAT NO SUCH CLAIM SUBJECT TO ARBITRATION SHALL BE ARBITRATED ON A CLASS-WIDE BASIS.

30.6 FRANCHISEE SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

ARTICLE XXXI
ACKNOWLEDGMENTS

31.1 FRANCHISEE ACKNOWLEDGES THAT HE/SHE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON. THE FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT HE/SHE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

31.2 FRANCHISEE ACKNOWLEDGES THAT HE/SHE HAS RECEIVED, READ, AND UNDERSTOOD THIS AGREEMENT, INCLUDING THE EXHIBITS HERETO; THAT THE FRANCHISOR HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO FRANCHISEE'S SATISFACTION; AND THAT THE FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF HIS/HER OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

31.3 FRANCHISEE ACKNOWLEDGES THAT HE/SHE HAS RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION, ENTITLED "DISCLOSURE REQUIREMENT AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES," AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

31.4 FRANCHISEE ACKNOWLEDGES AND IS AWARE OF THE FACT THAT SOME FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

ARTICLE XXXII
ENTIRE AGREEMENT

This Agreement, together with the Area Development Agreement, if applicable, and any other Franchise Agreements thereunder, constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by

Franchisor. In the event of any conflict between the terms of this Agreement and the terms of the Area Development Agreement, if applicable, or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

ARTICLE XXXIII
JOINT AND SEVERAL OBLIGATION

If the Franchisee consists of more than one (1) person, their liability under this Agreement shall be deemed to be joint and several.

ARTICLE XXXIV
SECURITY INTEREST

Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Restaurant, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the address of Franchisee and Franchisor are stated in Article XXVIII of this Agreement. If Franchisee is in good standing, Franchisor agrees, upon request, to execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Restaurant.

ARTICLE XXXV
COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number of genders.

ARTICLE XXXVI
SEVERABILITY AND CONSTRUCTION

36.1 Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement Franchisor and Franchisee may terminate this Agreement.

36.2 Anything to the contrary herein 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 such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason hereof.

36.3 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

36.4 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.

36.5 This Agreement shall be executed in duplicate and each copy so executed shall be deemed an original.

ARTICLE XXXVII
MISCELLANEOUS

37.1 **Compliance With Anti-Terrorism Laws**. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of its property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 17.3.A (iv) above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal on the date first written above.

ZPIZZA INTERNATIONAL, INC.

______________________________	By: ______________________________
WITNESS	Name: Chris Bright
	Title: President
	FRANCHISEE
______________________________	______________________________
WITNESS	

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "A"

The Franchisee's Location shall be as follows:

The Franchisee's Exclusive Territory shall be as follows:

ZPIZZA INTERNATIONAL, INC.

By:______________________________
Name: Chris Bright
Title: President

FRANCHISEE:

By:______________________________

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "B"

GUARANTY

(TO BE EXECUTED ONLY IF FRANCHISEE IS A CORPORATE ENTITY)

In consideration of the execution by ZPizza International, Inc. of the within Franchise Agreement, and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, being all of the shareholders, directors, officers, members, manager and partners, as applicable, of the Franchisee, agree to be jointly and severally bound by, and agree to guaranty the performance of, all of the terms and conditions of the Franchise Agreement and any amendments thereto or renewals thereof, and do hereby execute this Franchise Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Franchise Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Franchise Agreement.

SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS, OFFICERS MEMBERS, MANAGERS AND PARTNERS, AS APPLICABLE

____
Name

____
Address

____
Name

____
Address

____
Name

____
Address

____
Name

____
Address

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "C"

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to ZPizza International, Inc., a California corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as ______________________________. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a ZPizza restaurant business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
ZPIZZA INTERNATIONAL, INC.	______________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a restaurant business.

Dated:____________________

____

________________________________, Lessor

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "D"

SITE LOCATION ADDENDUM

Site Location

ZPizza International, Inc. (hereinafter "Franchisor") and ______________________ (hereinafter "Franchisee) have this date, ________________________, entered into a certain Franchise Agreement, (hereinafter "Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within ninety (90) days after execution of this Addendum, Franchisee shall acquire, by lease or purchase, at Franchisee's expense and subject to Franchisor's approval as hereinafter provided, a location for the franchised business. Such location shall be within the following geographic area (which is described solely for the purpose of selecting a site for the franchised business):

____

____

____

B. Guidelines and Evaluation

In connection with Franchisee's selection of a site for the franchised business, Franchisor shall furnish to Franchisee the following:

1. Site selection counseling and assistance as Franchisor may deem advisable for a site.

2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals, following Franchisee's approval in advance of same.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the franchised business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location, a market feasibility study for the proposed location, and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed location. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed location to Franchisor for its approval no later than ninety (90) days after the execution of the Franchise Agreement. Franchisor shall have fifteen (15) days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of approval is given to Franchisee by Franchisor.

D. Lease Provisions

The lease for the premises of the franchised business shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the franchised business.

2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may prescribe for the franchised business.

3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.

4. That Franchisee may not assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.

5. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.

6. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to assign for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.

7. That Franchisor shall be furnished a copy of the executed lease, __________ (___) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the franchised business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. Franchisee shall not relocate the franchised business without the express prior written consent of Franchisor.

F. Construction

Franchisee shall commence construction or leasehold improvements (hereinafter "Construction") of the franchise business within ______________ (___) days after Franchisee executes this addendum, executes a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee shall provide written notice to Franchisor of the date Construction of the franchised business commences within _________________ (____) days after commencement. Franchisee shall maintain continuous

Construction of the franchised business premises and shall complete Construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within ____________ (___) months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the Construction period, Franchisee and Franchisee's architect or general contractor shall certify in writing to Franchisor that all work is proceeding substantially on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the Construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of Construction, Franchisee shall obtain, and shall furnish to Franchisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the franchised business. Franchisee shall obtain Franchisor's approval for opening and shall open the franchised business within ________________ (___) months after the date of commencement of Construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under Article XVII of the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

ZPIZZA INTERNATIONAL, INC.

By:______________________________
Name: Chris Bright
Title: President

____
WITNESS

FRANCHISEE

By:______________________________

____
WITNESS

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "E"

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

THIS AGREEMENT is made by and between ZPizza International, Inc., a California corporation with its corporate headquarters office at 2601 Main Street, #910, Irvine, California 92614 (the "Franchisor"), and __________________ (the "Franchisee"), and __________________ (the "Manager"), both of whom shall be collectively referred to as "Franchisee".

WHEREAS, the Franchisor has developed an established business and is engaged in the development, marketing and sale to franchisees of an efficient and distinctive system of training employees, preparing, serving, merchandising, and selling products typically sold in a "ZPizza" Restaurant, served by a distinctively uniformed staff, and well trained, in distinctively designed, furnished, decorated and equipped restaurants under the name "ZPizza"; and

WHEREAS, the Franchisor has developed and uses the name "ZPizza" and associated service marks, designs, and symbols in the design and appearance of its restaurants (collectively referred to as the "Marks"), identifying the goodwill which the Franchisor has developed in connection with the operation of "ZPizza" restaurants by the Franchisor and its franchisees (all of which is hereinafter referred to as the "System"); and

WHEREAS, the Franchisor desires to preserve the Marks and the System, and has plans, where profitable, to increase the number of "ZPizza" restaurants within the United States and elsewhere; and

WHEREAS, the Franchisee desires to obtain and maintain the right to own and operate one or more "ZPizza" restaurants and the Franchisor desires to grant such right to Franchisee subject to the terms below; and

WHEREAS, the Franchisee's Manager has been hired by Franchisee to run the day-to-day activities of Franchisee's restaurant and such Manager must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, and the conditions stated herein, the parties agree as follows:

1. <u>Purpose of Agreement</u>. The Franchisor is placing the Franchisee in a position of trust and confidence in order to aid the Franchisor in its development, marketing, sale and expansion of the System. As a precondition of the grant of the right to own and operate a "ZPizza" restaurant, the Franchisor desires to receive from the Franchisee (i) an agreement not to disclose certain information relating to the Franchisor's business, (ii) an agreement not to compete against the Franchisor for a certain period of time, and (iii) an agreement concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. <u>Franchisor Ownership of Materials</u>. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including the Franchisor's

Confidential Operating Manual, and the goodwill associated with them, which in any way relate to the Franchisor's past, present or potential business or which were prepared or received by the Franchisee as a franchisee of the Franchisor and a participant in the System (hereinafter collectively referred to as "Confidential Information") are the exclusive property of the Franchisor. Franchisee agrees to deliver to the Franchisor all copies of such materials including the Franchisee's own personal work papers, which are in the Franchisee's possession or under the Franchisee's potential control at the request of the Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated even date herewith between Franchisor and Franchisee (the "Franchise Agreement").

3. Confidential Information. The Franchisee acknowledges that the Franchisor's Confidential Information is a valuable and unique asset which the Franchisee holds in trust for the Franchisor's sole benefit. The Franchisee agrees that the Franchisee shall not, at any time during and for a period of fifty (50) years after the Franchisee ceases to be a franchisee of the Franchisor or a participant in the System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of the Franchisor's Confidential Information, without the prior written consent of the Franchisor.

4. Trade Secrets. The Franchise acknowledges that the Franchisor's Confidential Information and its methods and techniques of operation, and food preparation, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Confidential Operating Manual, are uniquely valuable to the Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets").

In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a "ZPizza" restaurant, the Franchisee agrees, at all times while a franchisee of the Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of the Franchisor's Trade Secrets, to use them solely for the benefit of the Franchisor's business, and to refrain from disclosing or making available the Trade Secrets to any third party without the prior written consent of the Franchisor. The Franchisee further agrees to take all reasonable security measures to ensure that the Franchisee's employees comply with this Agreement and such other security measures as are reasonably requested by the Franchisor to prevent accidental disclosure.

5. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the System or which relate to or are useful to the Franchisor's business which the Franchisee, alone or with others, may invent, discover, make or conceive ("Inventions") are the exclusive property of the Franchisor, and the Franchisee shall promptly and fully disclose them to the Franchisor. At any time, at the Franchisor's request and expense, the Franchisee shall, without further compensation: (i) promptly record such Inventions with the Franchisor; (ii) execute any assignments and other documents the Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist the Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by the Franchisee that as the natural result of the Franchisee's participation in the System as a franchisee of the Franchisor, Franchisee will gain access to the Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of the Franchisor's landlords, customers and suppliers. The Franchisee acknowledges that the Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for the Franchisee's participation in the System as a franchisee of the Franchisor, the Franchisee agrees that while it is a franchisee of the

Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after the Franchisee ceases to be a participant in the System, and within the United States, Franchisee shall not:

(a) Have or acquire an interest in a similar business to that offered or developed by the Franchisor which provides the same or substantially similar products as those sold, distributed, manufactured or furnished by the Franchisor during the term of the Franchise Agreement. For purposes of this Agreement, "similar business" means a food service outlet that generates at least thirty percent (30%) of its earnings selling the same or substantially same products as are sold in a typical "ZPizza" restaurant ("Products");

(b) Engage, directly or indirectly, on the Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any similar business to those offered and provided or manufactured by the Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with the Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of the Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by the Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with the Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of the Franchisor; or the terms and conditions of the Franchisor's contracts with suppliers of these Products;

(d) Hire or engage, or attempt to hire or engage, directly or indirectly, any individual who is an employee of the Franchisor at the time of such solicitation, or was an employee during the calendar year immediately preceding the Franchisee's termination as a participant in the System as a franchisee of Franchisor, whether such actions are undertaken on behalf of the Franchisee or on behalf of another entity; or

(e) Otherwise take direct actions to disrupt the operations of the Franchisor or interfere with the Franchisor's performance of its contracts with third parties.

7. <u>Enforcement</u>.

(a) <u>Injunction</u>. The Franchisee understands and agrees that the Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate the Franchisor for any such violation. Accordingly, the Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this Agreement, the Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by the Franchisee or by any or all of the Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with the Franchisee. The Franchisee consents to the seeking of the injunction as being a reasonable measure to protect the Franchisor's rights.

(b) <u>Jurisdiction</u>. The Franchisee agrees that any lawsuit brought by the Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the State of California, County of Orange, and the Franchisee agrees and consents to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court, regardless of Franchisee's residency at the time such suit is filed. Any lawsuit brought against the Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of the Franchisee within this time period shall serve to bar any rights the Franchisee may have against the Franchisor or its officers, directors and agents.

(c) Costs. The Franchisee further agrees that if he/she acts in any manner which causes the Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines the Franchisee has or is violating any of the provisions of this Agreement, the Franchisor, in addition to its other remedies, shall be entitled to recover from the Franchisee all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. The Franchisee has read and considered carefully the provisions of Sections 1 through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of the Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. The Franchisee further agrees that the restrictions stated in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

(a) All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect the Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, the Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, the Franchisee agrees that a breach or alleged breach by the Franchisor of any obligation owed by the Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of California.

(c) No delay or failure by the Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not effect in any manner the validity of the remaining provisions.

(e) The rights and obligations of the Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of the Franchisor and any future successors and assigns of the Franchisor.

(f) No modification of this Agreement shall be valid unless it is in writing and signed by both the Franchisee and an authorized representative of the Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by the Franchisee and the Franchisor to supersede and replace any prior agreements on these issues between the parties.

(g) The Manager, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

IN WITNESS WHEREOF, the Franchisor and the Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on ______________.

FRANCHISOR:

ZPIZZA INTERNATIONAL, INC.

By:______________________________
Name: Chris Bright
Title: President

FRANCHISEE:

____

By:______________________________

MANAGER:

____

By:______________________________

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "F"

TRANSFER OF FRANCHISE TO
A CORPORATION OR LIMITED LIABILITY COMPANY

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Franchisee of the Restaurant under a Franchise Agreement executed on the date set forth below, between himself or herself and ZPizza International, Inc., as Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Article XX of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article XIV thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ____________, 20__ between ________________________ and ZPizza International, Inc."
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ____________, 20__ between ________________________ and ZPizza International, Inc."

3. ____________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Restaurant.

4. ____________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and ZPizza International, Inc., to the same extent as if it were named as the Franchisee herein.

Date of Franchise Agreement: ________________________________

Location of Restaurant: ____________________________________

WITNESS:

As to Paragraph 3:

____

____
[Name]

As to Paragraph 4:

____

____
[Name]

ATTEST:

____
Name of Corp. or Limited Liability Company

____

By:______________________ (SEAL)
Title:_____________________

In consideration of the execution of the above Agreement, ZPizza International, Inc. hereby consents to the above referred to assignment on this _____ day of _________________, 20__.

ZPIZZA INTERNATIONAL, INC.

By:__________________________ (SEAL)
Name: Chris Bright
Title: President

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "G"

Telephone Number Assignment Agreement
and Power of Attorney

FOR VALUE RECEIVED, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to ZPizza International, Inc. upon the following terms:

1. This assignment is made under the terms of ZPizza International, Inc. Franchise Agreement dated ____________, 20___ authorizing Franchisee to do business as "ZPizza" (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Restaurant covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: ____________________ and all numbers on the rotary series and all numbers the Franchisee uses in the Restaurant in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as his/her attorney-in-fact to act in Franchisee's place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the

Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below. Persons signing this Agreement must check the appropriate space and sign in the appropriate place provided.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the _____ day of _____________, 20_____

(NAME OF FRANCHISEE)

By:______________________________

FRANCHISOR:

Signed and accepted as of the _____ day of ____________, 20_____

ZPIZZA INTERNATIONAL, INC.

By:______________________________
Name: Chris Bright
Title: President

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "H"

STATE-SPECIFIC ADDENDA TO FRANCHISE AGREEMENTS

EXHIBIT H

ADDENDUM TO Z PIZZA INTERNATIONAL, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement and Area Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The franchise agreement requires binding arbitration. The arbitration will occur in California with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST

____
Witness

Z PIZZA INTERNATIONAL, INC.

By:______________________________
Name: Christopher Bright
Title: President

____
Witness

FRANCHISEE:

____

EXHIBIT H

ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC. DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST

____
Witness

Z PIZZA INTERNATIONAL, INC.

By:______________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____

____
Witness

EXHIBIT H

ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC. DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for Z Pizza International, Inc. for the State of Maryland for Z Pizza's Disclosure Document and for its Franchise and Development Agreements. The amendments to the Franchise and Development Agreements included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise and Area Development Agreements may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 11 of the Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund as required by COMAR 02.02.08.04B(2), by requesting same in a written request to Franchisor.

3. Pursuant to COMAR 02.02.08.16L, Item 17 of the Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Development Agreement are hereby deemed to be amended accordingly.

4. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase 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.

5. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17 of the Disclosure Document is hereby amended to state that the Franchise Agreement and Development Agreement require binding arbitration, the site of which is in the state of California, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction. The law of the State of California governs the arbitration. However, pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, regardless of the language in the Franchise Agreement and Development Agreement.

7. The Franchise Agreement and Development Agreement are hereby amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. The registered agent authorized to receive process in Maryland is the Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202-2020.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST

____
Witness

Z PIZZA INTERNATIONAL, INC.

By:_______________________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

EXHIBIT H

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
670 Law Building
Lansing, Michigan 48913
(517) 335-7567

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this______ day of ______________, 20___.

ATTEST

Z PIZZA INTERNATIONAL, INC.

____
Witness

By:______________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

EXHIBIT H

ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC.
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

In the State of Washington, we have secured a Surety Bond in the amount of $100,000 from Platte River Insurance Company. This Surety Bond requirement has been imposed by the Department of Financial Institutions, Securities Division based on the franchisor's financial condition.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

ATTEST

Z PIZZA INTERNATIONAL, INC.

____
Witness

By: ______________________
Name: Christopher Bright
Title: President

FRANCHISEE:

____
Witness

____

ZPIZZA INTERNATIONAL, INC.

FRANCHISE AGREEMENT

EXHIBIT "I"

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, ZPizza International (the Franchisor) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a ZPizza International Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of Franchisor, or by employees or authorized representatives of Fransmart, Inc. (Fransmart) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading.

In the event that you are intending to purchase an existing ZPizza International Restaurant from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing ZPizza International Restaurant from an existing Franchisee?

   Yes/No __________

2. I had my first face-to-face meeting with a Franchisor representative on __________________.

3. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

   Yes/No __________

4. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

   Yes/No __________

   If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

   ____

   ____

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

   Yes/No __________

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes/No __________

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes/No __________

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

____

____

8. Have you discussed the benefits and risks of establishing and operating a ZPizza International Restaurant with an attorney, accountant, or other professional advisor?

Yes/No __________

If No, do you wish to have more time to do so?

Yes/No __________

9. Do you understand that the success or failure of your ZPizza International Restaurant will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes/No __________

10. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the revenues, project cost, (project cost), profits or operating costs of a ZPizza International Restaurant operated by the Franchisor or its Franchisees, that is contrary to the information contained in the Disclosure Document?

Yes/No __________

11. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to the information contained in the Disclosure Document?

Yes/No __________

12. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the ZPizza International Restaurant will generate, that is contrary to the information contained in the Disclosure Document?

Yes/No __________

13. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the ZPizza International Restaurant that is contrary to or different from, the information contained in the Disclosure Document?

Yes/No __________

14. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a ZPizza International Restaurant?

Yes/No __________

15. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No __________

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes/No __________

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes/No __________

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this Franchise? If so, who? ____

____

If you have answered "Yes" to any one of questions 10-17, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered No to each of questions 10-17, please leave the following lines blank.

____

____

I signed the Franchise Agreement and Addendum (if any) on __________________, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT

____
Witness

By:____________________________
Name:__________________________
Title:___________________________
Date:___________________________

EXHIBIT D TO THE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

ZPIZZA INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

ZPIZZA INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

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ATTACHMENTS:

EXHIBITS:

ZPIZZA INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into the _______ day of __________, 20__, between ZPizza International, Inc., a California corporation whose principal address is 2601 Main Street, #910, Irvine, California 92614 (hereinafter "ZPizza" or the "Company"), and ______________________ whose principal address is ________________________ (hereinafter "Area Developer").

W I T N E S S E T H:

WHEREAS, ZPizza is engaged in the business of operating and franchising a specialty restaurant known as "ZPizza" ("Restaurant"); and

WHEREAS, ZPizza has developed a business plan and method in connection with the operation of such "ZPizza" Restaurants which offer specialized pizza, pasta, sandwich and salad items using fresh ingredients on a take-out, dine-in and delivery basis ("Products") utilizing certain standards, specifications, methods, procedures, recipes, techniques, management systems, identification schemes and proprietary marks, copyrights, and information (hereinafter "System"); all of which may be changed, improved and further developed from time to time by ZPizza; and

WHEREAS, the distinguishing characteristics of the System include, but are not limited to, the name and mark "ZPizza" (the "Marks"), uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by ZPizza; and

WHEREAS, the reputation and goodwill with the public with respect to the quality of products and services available at "ZPizza" Restaurants have been and continue to be of major benefit to ZPizza and its franchisees; and

WHEREAS, Area Developer recognizes the benefits to be derived from being identified with and being an area developer of ZPizza and being able to utilize the System and the Marks which ZPizza makes available to its Area Developers; and

WHEREAS, Area Developer wishes to obtain certain development rights to open and operate Restaurants operating under the Marks under the System within the territory described in this Area Development Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION I
GRANT

1.1 ZPizza hereby grants to Area Developer, pursuant to the terms and conditions of this Area Development Agreement, certain development rights ("Development Rights") to establish and operate _________ (_____) franchised Restaurants, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Exhibit "A" of this Agreement (hereinafter "Minimum Performance Schedule"). Each Restaurant developed hereunder shall be located in the area described in Exhibit "B" of this Agreement (hereinafter "Development Area").

1.2 Each Restaurant for which an Area Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between Area Developer and ZPizza in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, ZPizza shall not establish, nor franchise anyone other than Area Developer to establish, a Restaurant in the Development Area during the term of this Agreement, provided Area Developer is not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to Area Developer any right to use the Marks or System.

1.5 Area Developer shall have no right under this Agreement to franchise others under the Marks or System.

SECTION II
DEVELOPMENT FEE

In consideration of the development rights granted herein, Area Developer shall pay to ZPizza a Development Fee of ______________________________ Thousand Dollars ($______________), of which ________________________ Thousand Dollars ($________________) is due upon execution of this Agreement ("Development Fee").

The Development Fee shall be fully earned by ZPizza upon execution of this Agreement, and shall be for administrative and other expenses incurred by ZPizza and for the development opportunities lost or deferred as a result of the Development Rights granted Area Developer herein.

SECTION III
SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 In the event Area Developer finds a location for a Restaurant without the assistance of ZPizza, then in such event, Area Developer shall submit to ZPizza for its evaluation and approval, in the form specified by ZPizza, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as ZPizza may reasonably require, together with a letter of intent or other evidence satisfactory to ZPizza, which confirms Area Developer's favorable prospects for obtaining the site. ZPizza shall have fifteen (15) business days after receipt of such information and materials from Area Developer to approve or disapprove the site in its sole discretion. If the site is approved, the Area Developer will then be presented with the then-current Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, Area Developer agrees to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Failure by Area Developer to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof.

3.3 Area Developer shall exercise each Area Development Right granted herein only by executing a Franchise Agreement for each Restaurant at a site approved by ZPizza in the Development Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from ZPizza for the approved site and return same to ZPizza for its execution. The Franchise Agreement for the first Area Development Right exercised hereunder shall be the then-current form of Franchise Agreement. The Franchise Agreement for each additional Area Development Right exercised hereunder shall be the then-current Franchise Agreement, except that the Royalty and Advertising Fees shall not increase and shall be the same as stated in the first Franchise Agreement executed, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event ZPizza does not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to Area Developer, ZPizza approval of the site shall be void and Area Developer shall have no rights with respect to said site. The Initial Franchise Fees to be paid by Area Developer shall be Thirty Thousand Dollars ($30,000) per Restaurant to be developed. The Initial Franchise Fee for the first Restaurant has been paid in full in the Development Fee, and _____ (__) deposits of Fifteen Thousand Dollars ($15,000) each shall be credited towards the Initial Franchise Fee for the next ____ (__) Restaurants to be developed hereunder. The balance of the Initial Franchise Fee for next ___ (__) additional Restaurants to be developed, or Fifteen Thousand Dollars ($15,000) each, shall be paid by Area Developer according to the schedule attached hereto as Exhibit "A".

3.4 Area Developer acknowledges that the approval of a particular site for a Restaurant by ZPizza shall not be deemed to be an assurance or guaranty that the Restaurant will operate successfully or at a profit from such site.

3.5 Area Developer shall be required to execute each Franchise Agreement and own a minimum of fifty-one percent (51%) of the issued and outstanding stock for each Restaurant to be opened pursuant to said Franchise Agreement. In no event shall Area Developer relinquish control over each entity operating each Restaurant.

SECTION IV
DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, ZPizza grants to Area Developer the right to develop Restaurants within the Development Area ("Development Rights"). Notwithstanding any other provision of this Agreement, Development Rights under this Agreement do not include the right to develop Restaurants at any "Non-Traditional Sites". Non-Traditional Sites include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, prisons, hospitals, convenience stores, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof, whether located within or outside the Development Area.

4.2 Provided Area Developer is in full compliance with all the terms and conditions of this Agreement, including without limitation Area Developer's development obligations described in Section 3.2, and Area Developer is in full compliance with all of its obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither ZPizza nor any of its affiliates will develop or operate or grant franchises for the development or operation of Restaurants within the Development Area, except the franchises that are granted to Area Developer pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, ZPizza and its affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Restaurants within the Development Area subject only to the territorial rights granted to Area Developer with respect to Restaurants operated by Area Developer pursuant to the Franchise Agreements.

4.4 Except as expressly limited by Section 3.2 above, ZPizza and its affiliates retain all rights with respect to Restaurants, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products and any other goods and services through similar or dissimilar channels of distribution both within and outside the Development Area under trade and service marks other than the Marks and under any terms and conditions ZPizza deems appropriate;

4.4.2 to produce, offer and sell and grant others the right to produce, offer and sell the Products and any other goods and services through dissimilar channels of distribution both within and outside the Development Area under the Marks and under any terms and conditions ZPizza deems appropriate;

4.4.3 to operate and to grant others the right to operate Restaurants located outside the Development Area under any terms and conditions ZPizza deems appropriate and regardless of proximity to a Restaurant;

4.4.4 to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Development Area under any terms and conditions ZPizza deems appropriate; and

4.4.5 subject to Area Developer's option to purchase in Section 4.5, to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Development Area.

4.5 During the term of this Agreement, ZPizza may acquire the shares or assets of a business operating more than one (1) restaurant or other food service businesses ("Acquired Restaurants"). If, after the acquisition, ZPizza owns more than one (1) of such Acquired Restaurants located in the Development Area which ZPizza intends to operate as a Restaurant or as a Competitive Business (the "Optioned Restaurants"), ZPizza, in its sole discretion, may offer to sell those Optioned Restaurants to Area Developer pursuant to a Franchise Agreement. The price to be paid by Area Developer for an Optioned Restaurant pursuant to this Section shall be the price paid by ZPizza to acquire the Optioned Restaurant including that portion of the direct and indirect costs and liabilities incurred or assumed by ZPizza in making such acquisition allocated to the Optioned Restaurants whether paid or owed to the seller of such Optioned Restaurants, ZPizza, its affiliates or third parties and other expenses and losses allocated to such Optioned Restaurant plus interest at the ZPizza cost of money on the balance of such amounts from time to time, provided that (a) such sale will not conflict with any existing legal obligation of ZPizza or the business being acquired; (b) such sale will not preclude the completion of the acquisition on the terms agreed to by ZPizza; (c) such sale will not interfere with any other legal agreement, arrangement or combination; and (d) Area Developer executes at the closing of the acquisition ZPizza then-current Franchise Agreement for each and every such Optioned Restaurant and converts each such Optioned Restaurant to a Restaurant as soon as practicable thereafter in accordance with ZPizza standards and specifications. Area Developer shall have thirty (30) days in which to accept or reject such offer.

In the event Area Developer rejects or fails to timely accept ZPizza offer to sell the Optioned Restaurants offered to Area Developer pursuant to this Section, or ZPizza is unable to extend such offer for any of the aforementioned reasons, ZPizza may incorporate and use certain elements of the System at the Optioned Restaurants but agrees that so long as Area Developer is in full compliance with this Agreement and Area Developer is in compliance with all Franchise Agreements, it will neither use nor authorize the use of any of the Marks at such Optioned Restaurants located in the Development Area (whether owned or franchised by ZPizza) for two (2) years following ZPizza acquisition or during the remaining term of this Agreement, whichever is less. For purposes of this Paragraph, all references to ZPizza shall be deemed to include its affiliates.

SECTION V
RENEWAL

This Agreement shall not be subject to renewal; however, if Area Developer wishes to purchase a new Development Area and continue to develop Restaurants, ZPizza will, in good faith, negotiate a new Area Development Agreement with Area Developer.

SECTION VI
TERM AND RIGHT OF FIRST REFUSAL

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Minimum Performance Schedule established in Exhibit "A".

6.2 If, at any time or from time to time following the opening for business of all the Restaurants in accordance with the Minimum Performance Schedule, ZPizza determines that it is desirable to operate one or more additional Restaurants in the Development Area, and provided Area Developer has timely complied with the Minimum Performance Schedule and is then in compliance with all terms and conditions of all Franchise Agreements, Area Developer shall have a right of first refusal to obtain the Development Rights to such additional Restaurant(s) upon such reasonable terms and conditions as are then determined by ZPizza including, but not limited to, the imposition of a new Development Fee and the payment of the then-current Initial Franchise Fee upon execution of the then-current Franchise Agreement. In such case, ZPizza shall advise Area Developer in writing of the terms and conditions for the acquisition of the Development Rights for such additional Restaurant(s). Area Developer must notify ZPizza in writing within sixty (60) days of the receipt of such notice whether it wishes to acquire the Development Rights to the one or all of such additional Restaurant(s). If Area Developer does not exercise this right of first refusal, in whole, ZPizza may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Restaurant(s) to any other person or persons on the same terms and conditions or ZPizza itself may elect to develop and construct any of such additional Restaurant(s).

SECTION VII
OBLIGATIONS OF AREA DEVELOPER

7.1 Area Developer acknowledges and agrees that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to ZPizza for its approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by ZPizza to Area Developer of any rights to use the Marks, the System, or to open or operate any Restaurants within the Development Area. Area Developer shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both Area Developer and ZPizza and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to Area Developer and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section XI hereof.

7.1.3 Except as provided in Sections 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and ZPizza retains the right, in its sole discretion:

(a) To continue to construct and operate other Restaurants and to use the System and the Marks at any location outside the Development Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by ZPizza as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as ZPizza may deem advisable and without granting Area Developer any rights therein.

(c) To develop, merchandise, sell and license others to sell any of ZPizza products, proprietary or otherwise, presently existing or to be developed in the future, to the public through supermarkets, groceries and other non-restaurant outlets outside or inside of the Development Area and to use the Marks in connection therewith.

(d) To promote or conduct special events within the Development Area, provided, however, that the opportunity to conduct each special event shall first be offered to Area Developer in accordance with the terms of any valid and effective Franchise Agreement.

7.1.4 Area Developer has sole responsibility for the performance of all obligations arising out of the operation of his business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in its relationship with other persons, and in any documents, Area Developer shall indicate clearly the independent ownership of Area Developer's business and that the operations of said business are separate and distinct from the operation of a ZPizza business.

7.1.6 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by ZPizza and Area Developer shall disclose such information or materials only to such of the Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without ZPizza prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 Area Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 Area Developer shall at no time have the right to sub-franchise any of its Development Rights hereunder.

SECTION VIII
SERVICES OF ZPIZZA

ZPizza shall, at its expense, provide the following services:

8.1 Review the Area Developer's site selection for conformity to ZPizza standards and criteria for selection and acquisition of sites upon ZPizza receipt of Area Developer's written request for approval thereof.

8.2 Provide Area Developer with standard specifications and layouts for the layout, interior and exterior design, improvements, equipment, furnishings, decor and signs identified with the Restaurants as ZPizza makes available to all area developers and franchisees from time to time.

8.3 Review of the Area Developer's site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon ZPizza receipt of Area Developer's written request for approval thereof.

8.4 Conduct such on-site evaluation as ZPizza may, in its sole discretion, deem advisable as part of its evaluation of Area Developer's request for site approval, provided however, that ZPizza shall not be required to provide such on-site evaluation for any proposed site prior to ZPizza receipt of a description of such proposed site and a letter of intent (subject to Company's approval) or other evidence satisfactory to ZPizza, which confirms Area Developer's favorable prospects for obtaining the proposed site. If deemed appropriate and if the site requires inspection, ZPizza may conduct on-site inspections. Area Developer shall reimburse Company for reasonable travel expenses, including food, lodging and other reasonable out of pocket expenses for each Company representative, associated with all site approval inspections.

8.5 Provide such other resources and assistance as may hereafter be developed and offered by ZPizza to its other area developers.

SECTION IX
DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for ZPizza, at its option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement:

9.1.1 If Area Developer shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If Area Developer shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are the property of ZPizza except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.1.3 If Area Developer, or persons controlling, controlled by or under common control with Area Developer, shall have any interest, direct or indirect, in the ownership or operation of any store engaged in the sale of products similar to those permitted to be sold by Area Developer within the Development Area or in any restaurant which looks like, copies or imitates the Restaurant or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.1.4 If Area Developer shall fail to remit to ZPizza any payments pursuant to Section II when same are due.

9.1.5 If Area Developer shall begin work upon any Restaurant at any site unless all the conditions stated in Section III hereof have been met.

9.1.6 If Area Developer shall purport to effect any assignment other than in accordance with Section XI hereof.

9.1.7 Except as provided in Section XI hereof, if Area Developer attempts to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Restaurants to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.8 If Area Developer makes, or has made, any material misrepresentation to ZPizza in connection with obtaining this Area Development Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.9 If Area Developer fails to obtain ZPizza's prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.1.10 If Area Developer defaults in the performance of any other obligation under this Agreement.

9.1.11 If Area Developer defaults in the performance of any obligation under any Franchise Agreement with ZPizza, provided such default results in the termination of the Franchise Agreement.

9.1.12 If Area Developer suffers a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permits the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and Area Developer promptly resorts to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.13 If Area Developer or a shareholder of Area Developer owning twenty-five percent (25%) or more of Area Developer's voting stock is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.14 If Area Developer, or any person controlling, controlled by or under common control with Area Developer, shall become insolvent by reason of inability to pay their debts as they mature; shall be adjudicated a bankrupt; shall file or have filed against any of them a petition in bankruptcy, reorganization or similar proceeding under the bankruptcy laws of the United States; or if a receiver, permanent or temporary, of the business, assets or property of Area Developer or any such person, or any part thereof, is appointed by a court of competent authority; or if Area Developer or any such person requests the appointment of a receiver or makes a general assignment for the benefit of creditors or if a final judgment against Area Developer or any such person in the amount of Ten Thousand Dollars ($10,000) or more remains unsatisfied or record for sixty (60) days or longer; or if the bank accounts, property or receivables of Area Developer or any such person are attached and such attachment proceedings are not dismissed within a sixty (60) day period; or if execution is levied against the business or property of Area Developer or any such person or suit to foreclose any lien or mortgage against any of the Restaurants, the premises thereof or equipment thereon is instituted and not dismissed within thirty (30) days.

9.1.15 If Area Developer, or any shareholder or principal, if Area Developer is not an individual, or any of its affiliates ceases to operate all of the Restaurants opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in Section 9.1, ZPizza may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by ZPizza to Area Developer of any of the events stated in this Section 9, Subparagraphs 9.1.1 though 9.1.14, if such defaults are not cured within such period. However, termination shall be effective immediately, without notice and without the necessity of further action by ZPizza, upon occurrence of any of the events specified in this Section 9, Subparagraphs 9.1.1 or 9.1.12 or 9.1.15, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law.

SECTION X
AREA DEVELOPER'S OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, Area Developer agrees as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Restaurants.

10.1.2 To cease immediately to hold itself out in any way as an Area Developer of ZPizza or to do anything which would indicate a relationship between it and ZPizza.

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

SECTION XI
TRANSFER OF INTEREST

11.1 This Agreement is personal to Area Developer and Area Developer shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without the prior written consent of ZPizza. Area Developer understands that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Paragraph shall constitute a material breach of this Agreement.

11.2 In the event that Area Developer is a corporation or desires to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive the prior written approval of ZPizza and Area Developer agrees to comply with the provisions hereinafter specified, including without limitation, personal guarantees by one or more equity owners of all of the obligations of said corporate entity or assignee corporate entity to ZPizza and other parties designated by ZPizza. The corporate entity or assignee corporate entity shall not engage in any business activities other than those directly related to the operation of the Restaurant(s) pursuant to the terms and conditions of the Franchise Agreements with ZPizza, and all assets related to the operation of the Restaurant(s) shall be held by the corporate entity or assignee corporate entity. There shall be no transfer fee charged by ZPizza for such assignment to a corporate entity.

11.3 If Area Developer is a corporation or if Area Developer's rights hereunder are assigned to a corporate entity, the Area Developer, or those individuals disclosed on Exhibit "B" attached hereto shall be the legal and beneficial owner of not less than fifty-one percent (51%) of the outstanding equity of said entity and shall act as such entity's principal officer. The assignment to a corporate entity will not relieve Area Developer of personal liability to ZPizza for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to ZPizza's prior written approval. ZPizza agrees that it will not unreasonably restrict the issuance or transfer of equity, provided that Area Developer complies with the provisions of this Section XI, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ZPizza. The articles of organization and governing documents (including by-laws, operating agreement or partnership agreement) of the entity or assignee entity shall reflect that the issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be printed legibly and conspicuously on each certificate:

> **"The transfer of this certificate is subject to the terms and conditions of an Area Development Agreement with ZPizza International, Inc., dated __________. Reference is made to said Area Development Agreement and related Franchise Agreements and to restrictive provisions of the governing documents of this entity."**

11.4 The entity or assignee entity's records shall indicate that a stop transfer order shall be in effect against the transfer of any equity, except for transfers permitted by this Section XI. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded without the prior express written consent of ZPizza, which shall be given at the sole discretion of ZPizza. In the event that ZPizza approves a public offering of Area Developer, Area Developer shall present the Disclosure Document or prospectus to ZPizza for its review within a reasonable time prior to such offering becoming effective. In no event shall Area Developer offer its securities by use of the name "ZPizza" or any name deceptively similar thereto, however, Area Developer may make appropriate reference to the fact the Area Developer has an Area Development Agreement with ZPizza; nor shall Area Developer relinquish control of the new public company. Area Developer agrees to indemnify and hold ZPizza harmless from and against any claims, suits, actions or otherwise which arise out of or from such public offering.

11.5 In the event of the death, disability or permanent incapacity of Area Developer, ZPizza shall consent to the transfer of all of the interest of Area Developer to Area Developer's spouse, heirs or relatives, by blood or marriage, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by Area Developer's Last Will and Testament or by operation of law, provided that the requirements of Section XI hereof have been met. In the event that Area Developer's heirs do not obtain the consent of ZPizza as prescribed herein, the personal representative of Area Developer shall have a reasonable time to dispose of Area Developer's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.6 Area Developer has represented to ZPizza that he is entering into this Area Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, Area Developer agrees that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Restaurant(s) to be constructed hereunder are opened or under construction, except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.7 Except as provided in Section 11.6, if Area Developer receives from an unaffiliated third party and desires to accept a bona fide written offer to purchase its business, Development Rights and interests, ZPizza shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.7, to purchase such business, Development Rights and interests, including Area Developer's right to develop sites within the Development Area, on the same terms and conditions as offered by said third party. In order that ZPizza may have information sufficient to enable it to determine whether to exercise its option, ZPizza may require Area Developer to deliver to ZPizza certified financial statements as of the end of Area Developer's most recent fiscal year and such other information about the business and operations of Area Developer as ZPizza may request. If ZPizza declines, or does not accept the offer in writing within thirty (30) days, Area Developer may, within thirty (30) days from the expiration of the option period, sell, assign and transfer its business, Development Rights and interest to said third party, provided ZPizza has consented to such transfer as required by this Section XI. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by ZPizza or its nominee, as in the case of an initial offer. Failure by ZPizza to exercise the option afforded by this Section 11.7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.8 Area Developer acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as ZPizza's reputation and image, and are for the protection of ZPizza, Area Developer and other area developers. Any assignment or transfer permitted by this Section XI shall not be effective until ZPizza receives a completely executed copy of all transfer documents, and ZPizza consents in writing thereto.

11.9 Except as provided in Section 11.6 hereof, ZPizza agrees not to unreasonably withhold its consent to a sale, assignment or transfer by Area Developer hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.9.1 All obligations of the Area Developer created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.9.2 All ascertained or liquidated debts of Area Developer to ZPizza or its affiliated or subsidiary corporations are paid.

11.9.3. Area Developer is not in default hereunder.

11.9.4 ZPizza is reasonably satisfied that the transferee meets all of the requirements of ZPizza for new area developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.9.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, ZPizza standard form of Area Development Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by ZPizza of new area developers on the date of transfer.

11.9.6 Area Developer executes a general release under seal, in a form satisfactory to ZPizza, of any and all claims against ZPizza, its officers, directors, employees and principal stockholders of any and all claims and causes of action that he may have against ZPizza or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by ZPizza.

11.9.7 Area Developer or transferee pays to ZPizza a transfer fee in an amount equal to Five Thousand Dollars ($5,000) to cover ZPizza's reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.10 Upon the death or mental incapacity of any person with an interest of more than fifty percent (50%) in this Agreement or in Area Developer, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by ZPizza within twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any <u>inter vivos</u> transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed twelve (12) months from the date said personal representative is appointed, to dispose of the deceased's interest in Area Developer or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Minimum Performance Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, ZPizza shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Minimum Performance Schedule, upon ninety (90) days' notice to Area Developer's representative, or ZPizza shall have the right to re-purchase same at the same price being sought by the Area Developer's representative.

11.11 ZPizza's consent to a transfer of any interest in Area Developer or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of ZPizza's right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.12 ZPizza shall have the right, without the need for Area Developer's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by ZPizza herein and Area Developer receives a statement from both ZPizza and its transferee to that effect. Upon such assignment and assumption, ZPizza shall be under no further obligation hereunder, except for accrued liabilities, if any. Area Developer further agrees and affirms that ZPizza may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Area Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of ZPizza's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of ZPizza International, Inc. as Franchisor under this Agreement. Area Developer specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Area Developer agrees that ZPizza has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing, competitive or non-competitive franchise network, chain, or any other business having ten (10) or more units, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "ZPizza" Restaurants operating under the Marks or any other marks following ZPizza's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, except that in the event that any of these businesses are located within the Development Area, they will not become a "ZPizza" Restaurants.

If ZPizza assigns its rights in this Agreement, nothing herein shall be deemed to require ZPizza to remain in the "ZPizza" business or to offer or sell any products or services to Area Developer.

11.13 This Agreement shall inure to the benefit of ZPizza, its successors and assigns, and ZPizza shall have the right to transfer or assign all or any part of its interest herein to any person or legal entity, provided such transferee agrees to perform all of ZPizza's obligations hereunder.

SECTION XII
COVENANTS

12.1 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of ZPizza and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by ZPizza, Area Developer and persons controlling, controlled by or under common control with Area Developer, shall not, either directly or indirectly, for himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Employ or seek to employ any person who is at the time employed by ZPizza or by any other franchisee or Area Developer of ZPizza, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any restaurant or food service business other than the Franchised Business (including any business operated by Area Developer prior to entry into this Agreement) specializing, in whole or in part, in the sale of pizzas, pasta and/or sandwiches, and which products constitute more than thirty (30%) percent of the menu items ("Menu Items") for on-premises and carry-out consumption or delivery and/or operating a similar restaurant concept selling the Menu Items sold by ZPizza or any of its franchisees or which Area Developer may be authorized to offer in connection with the Franchised Business.

12.2 Area Developer covenants that, except as otherwise approved in writing by ZPizza, Area Developer shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for himself or herself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than the Franchised Business specializing, in whole or in part, in the sale of pizza, pasta and/or sandwiches, and which products constitute more than thirty percent (30%) of the Menu Items for on-premises and carry-out consumption or delivery and/or operating a similar restaurant concept selling the Menu Items sold by ZPizza, its franchisees or any other type of service which Area Developer may be authorized to offer in connection with the Franchised Business, which is located within the United States.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XII is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which ZPizza is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XII.

12.5 Area Developer understands and acknowledges that ZPizza shall have the right, in its sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XVI hereof.

12.6 Area Developer expressly agrees that the existence of any claim it may have against ZPizza, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by ZPizza of the covenants in this Section XII.

12.7 Area Developer acknowledges that any failure to comply with the requirements of this Section XII would cause ZPizza irreparable injury for which no adequate remedy at law may be available, and Area Developer hereby accordingly consents to ZPizza's seeking injunctive relief prohibiting any conduct by Area Developer in violation of the terms of this Section XII. ZPizza may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement or otherwise.

12.8 At ZPizza's request, Area Developer shall require and obtain the execution of covenants similar to those described in this Section XII (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons:

12.8.1 All Restaurant managers of Area Developer who have received training from ZPizza;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer and of any entity directly or indirectly controlling Area Developer, if Area Developer is a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Area Developer is a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to ZPizza, including, without limitation, specific identification of ZPizza as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section IX hereof.

12.9 During the term of this Agreement, an officer or agent of ZPizza shall have the right to inspect any Restaurant in which Area Developer has an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section XII are being satisfied. If, by reason of such inspections or otherwise, ZPizza has reason to believe that Area Developer is not in full compliance with the terms of this Section, ZPizza shall give notice of such default to Area Developer, specifying the nature of such default. If Area Developer denies that it is in default hereunder, as specified by ZPizza, it shall have the burden of establishing that such default does not exist and shall give notice to ZPizza of its position within ten (10) days of receipt of the notice from ZPizza. Unless Area Developer so denies such default, it shall immediately take all steps to cure said default in a manner satisfactory to ZPizza.

SECTION XIII
NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to ZPizza:	ZPIZZA INTERNATIONAL, INC. 2601 Main Street, #910 Irvine, California 92614 ATTENTION: President
COPY TO:	Harold L. Kestenbaum, Esq. Harold L. Kestenbaum, P.C. 175 Broadhollow Road, Suite 175 Melville, New York 11747
Notices to the Area Developer:	____________________ ____________________ ____________________

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION XIV
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 Area Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Area Developer agrees to take such actions as shall be necessary to that end.

14.3 Area Developer understands and agrees that nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty or representation on ZPizza's behalf, or to incur any debt or other obligation in ZPizza's name, and that ZPizza assumes no liability for, nor shall be deemed liable by reason of, any act or omission of Area Developer or any claim or judgment arising therefrom. Area Developer shall indemnify and hold ZPizza and its officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with Area Developer's activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by actions of ZPizza or actions caused by the negligent acts of ZPizza or its agents.

SECTION XV
APPROVALS

15.1 Whenever this Agreement requires the prior approval or consent of ZPizza, Area Developer shall make a timely written request to ZPizza therefor, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

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

SECTION XVI
NON-WAIVER

No failure of ZPizza to exercise any power reserved to it under this Agreement or to insist upon compliance by Area Developer with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of ZPizza's rights to demand exact compliance with the terms of this Agreement. Waiver by ZPizza of any particular default shall not affect or impair ZPizza's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ZPizza to exercise any power or right arising out of any breach or default by Area Developer of any of the terms, provisions or covenants of this Agreement affect or impair ZPizza's rights, nor shall such constitute a waiver by ZPizza of any rights hereunder or rights to declare any subsequent breach or default.

SECTION XVII
SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which ZPizza is a party, Area Developer expressly agrees to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than ZPizza or Area Developer, and such of their respective successors and assigns as may be contemplated by Section XI hereof, any rights or remedies under or by reason of this Agreement.

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

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Area Developer shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Area Developer.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

SECTION XVIII
ENTIRE AGREEMENT - APPLICABLE LAW

This Agreement, the documents referred to herein and the Exhibits attached hereto constitute the entire, full and complete agreement between ZPizza and Area Developer concerning the subject matter hereof and supersede any and all prior agreements provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of California, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the State of California, County of Orange.

ARTICLE XIX
ARBITRATION

19.1 IN THE EVENT ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY HEREUNDER, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR

PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR THE SETTLEMENT THEREOF ESTABLISHES THE OTHER PARTY'S DEFAULT HEREUNDER, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION THEREAFTER. NOTHING CONTAINED IN THIS PARAGRAPH SHALL RELATE TO ARBITRATION PROCEEDINGS PURSUANT TO THIS AGREEMENT.

19.2 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT AS AMENDED AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE AT AN APPOINTED TIME AND PLACE IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE.

19.3 EACH PARTY SHALL SELECT ONE (1) ARBITRATOR (WHO SHALL NOT BE COUNSEL FOR THE PARTY), AND THE TWO (2) SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION OF EITHER PARTY. JUDGMENT UPON ANY AWARD OF THE MAJORITY OF THE ARBITRATORS SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATORS MAY GRANT ANY RELIEF WHICH MIGHT BE GRANTED BY A COURT OF GENERAL JURISDICTION, INCLUDING, WITHOUT LIMITATION, BY REASON OF ENUMERATION, AWARD OF DAMAGES (BUT EXCLUDING INJUNCTIVE RELIEF), AND MAY, IN THE DISCRETION OF THE ARBITRATORS, ASSESS, IN ADDITION, THE COSTS OF ARBITRATION, INCLUDING THE REASONABLE FEES OF THE ARBITRATORS AND REASONABLE ATTORNEYS' FEES, AGAINST EITHER OR BOTH PARTIES, IN PROPORTIONS AS THE ARBITRATORS SHALL DETERMINE.

19.4 NOTHING HEREIN CONTAINED SHALL BAR THE RIGHT OF EITHER PARTY TO SEEK AND OBTAIN TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH SECTION 12.7 HEREOF IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL IN ALL PROBABILITY CAUSE LOSS OR DAMAGE TO AREA DEVELOPER OR COMPANY.

19.5 IT IS THE INTENT OF THE PARTIES THAT ANY ARBITRATION BETWEEN THE AREA DEVELOPER AND COMPANY REGARDING A CLAIM OF AREA DEVELOPER SHALL BE OF AREA DEVELOPER'S INDIVIDUAL CLAIM AND THAT NO SUCH CLAIM SUBJECT TO ARBITRATION SHALL BE ARBITRATED ON A CLASS-WIDE BASIS.

19.6 AREA DEVELOPER SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST COMPANY, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

SECTION XX
TIMELY PERFORMANCE

Area Developer hereby acknowledges that its timely development of the Restaurants in the Development Area in accordance with the Minimum Performance Schedule is of material importance to ZPizza and Area Developer. Area Developer agrees, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Development Area in accordance with the Minimum Performance Schedule, to operate such Restaurants pursuant to the terms of the Franchise Agreements and to maintain all such Restaurants in operation continuously. ZPizza agrees to diligently act upon any request of or approval from Area Developer and any material delay in Area Developer's ability to meet the Minimum Performance Schedule which is directly caused by ZPizza's failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Development Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Development Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION XXI
ACKNOWLEDGMENTS

21.1 AREA DEVELOPER ACKNOWLEDGES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON THE ABILITY OF AREA DEVELOPER AS AN INDEPENDENT BUSINESS PERSON. ZPIZZA EXPRESSLY DISCLAIMS THE MAKING OF, AND AREA DEVELOPER ACKNOWLEDGES NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 AREA DEVELOPER ACKNOWLEDGES HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE EXHIBITS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HEREWITH; AND ZPIZZA HAS ACCORDED AREA DEVELOPER AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF AREA DEVELOPER'S OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 AREA DEVELOPER ACKNOWLEDGES THAT HE RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES" AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

21.4 AREA DEVELOPER AND EACH OF ITS PRINCIPALS, IF A CORPORATE ENTITY, EXPRESSLY ACKNOWLEDGE THAT NEITHER IT NOR THEY HAVE RELIED UPON

ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON BEHALF OF ZPIZZA REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF ZPIZZA RESTAURANTS OR DEVELOPMENT OF THE DEVELOPMENT AREA.

SECTION XXII
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by ZPizza.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

ZPIZZA INTERNATIONAL, INC.

______________________________	By:______________________________
WITNESS	Name: Chris Bright
	Title: President

AREA DEVELOPER:

______________________________	By:______________________________
WITNESS	Name:______________________________
	Title:______________________________

ZPIZZA INTERNATIONAL, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT "A"
CERTIFICATION BY AREA DEVELOPER

The undersigned, personally and as an officer or partner of Area Developer, as applicable, does hereby certify that he has conducted an independent investigation of the business contemplated by this Area Development Agreement and the ZPizza International, Inc. Franchise Agreement, and that the decision to execute the Area Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Area Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Company-operated "ZPizza" Restaurants. The undersigned further certified that he understands the risks involved in this investment and ZPizza International, Inc. makes no representation or guaranty, explicit or implied, that the Area Developer will be successful or will recoup his investment.

IN WITNESS WHEREOF, the undersigned has signed, sealed and delivered this Certificate this _____ day of ________, 20__.

______________________________	______________________________(SEAL)
WITNESS	
______________________________	______________________________(SEAL)
WITNESS	
______________________________	______________________________(SEAL)
WITNESS	

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Area Developer, each has read this Area Development Agreement, and each agrees to be individually bound by all obligations of Area Developer hereunder.

______________________________	______________________________
WITNESS	
______________________________	______________________________
WITNESS	
______________________________	______________________________
WITNESS	

ZPIZZA INTERNATIONAL, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT "B"
GUARANTY

(TO BE EXECUTED ONLY IF AREA DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP)

In consideration of the execution by ZPIZZA INTERNATIONAL, INC. of the annexed Area Development Agreement, and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, being all of the shareholders, directors, and officers of the Area Developer, agree to be jointly and severally bound by and agree to guaranty the performance of all of the terms and conditions of the Area Development Agreement and any amendments thereto or renewals thereof, and do hereby execute this Area Development Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Area Development Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Area Development Agreement.

SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS, OFFICERS, MEMBERS AND PARTNERS, AS APPLICABLE

____________________ ____________________(SEAL)
WITNESS

____________________ ____________________(SEAL)
WITNESS

____________________ ____________________(SEAL)
WITNESS

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Area Developer, each has read this Area Development Agreement, and each agrees to be individually bound by all obligations of Area Developer hereunder.

____________________ ____________________
WITNESS

____________________ ____________________
WITNESS

____________________ ____________________
WITNESS

ZPIZZA INTERNATIONAL, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT "C"
TRANSFER OF A FRANCHISE TO
A CORPORATION OR LIMITED LIABILITY COMPANY

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Area Developer of the Restaurants under an Area Development Agreement executed on the date set forth below, between himself or herself and ZPizza International, Inc., as Franchisor, granting him/her a franchise to operate in the Territory(ies) set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Area Developer constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Area Development Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Article XI of the Area Development Agreement, agree as follows:

1. The undersigned Area Developer shall remain personally liable in all respects under the Area Development Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Area Development Agreement including the restrictive covenants contained in Section XII thereof, to the same extent as if each of them were the Area Developer set forth in the Area Development Agreement and they jointly and severally personally guarantee all of the Area Developer's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in an Area Development Agreement dated ____________, 20__ between ________________________ and ZPizza International, Inc."
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in an Area Development Agreement dated ____________, 20__ between ________________________ and ZPizza International, Inc."

3. ___________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Restaurants.

4. ___________________ hereby agrees to become a party to and to be bound by all of the provisions of the Area Development Agreement executed on the date set forth below between Area

Developer and ZPizza International, Inc., to the same extent as if it were named as the Area Developer herein.

Date of Area Development Agreement: ______________________________

Territory(ies) for Restaurants: ____________________________________

WITNESS:

As to Paragraph 3:

____

____
[Name]

As to Paragraph 4:

____

____
[Name]

ATTEST:

____
Name of Corp. or Limited Liability Company

____

By:____________________ (SEAL)
Title:____________________

In consideration of the execution of the above Agreement, ZPizza International, Inc. hereby consents to the above referred to assignment on this _____ day of ________________, 20__.

ZPIZZA INTERNATIONAL, INC.

By:__________________________ (SEAL)
Name: Chris Bright
Title: President

ZPIZZA INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

EXHIBIT "A"

Minimum Performance Schedule

The Agreement authorizes and obliges Area Developer to establish and operate ____________ (____) "ZPizza" Restaurants pursuant to a Franchise Agreement for each Restaurant. The following is Area Developer's Minimum Performance Schedule:

Restaurant Number	Open & Operating On or Before	Payments Made	Balance Due For Store(s)	Due Date
Fees & Deposits for Units ___		**$**	**See Below**	Upon simultaneous Execution of Franchise Agreement and Area Development Agreement
1		$30,000.00	$ -0-	Paid in full upon execution of the Franchise Agreement
2		$15,000.00	$15,000.00	On the earlier of (i) the date a lease or purchase agreement for the Restaurant is executed or (ii) ninety (90) days prior to the scheduled opening date for said Restaurant
___				On the earlier of (i) the date a lease or purchase agreement for the Restaurant is executed or (ii) ninety (90) days prior to the scheduled opening date for said Restaurant
___				On the earlier of (i) the date a lease or purchase agreement for the Restaurant is executed or (ii) ninety (90) days prior to the scheduled opening date for said Restaurant

APPROVED:

AREA DEVELOPER

By: ____________________________
Name: ____________________________
Title: ____________________________

ZPIZZA INTERNATIONAL, INC.

By: ____________________________
Name: Chris Bright
Title: President

ZPIZZA INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

EXHIBIT "B"

Development Area

The following describes the Development Area within which Area Developer may locate "ZPizza" Restaurants under this Agreement:

____

____

____

APPROVED:

AREA DEVELOPER	ZPIZZA INTERNATIONAL, INC.
By:____________________	By:____________________
Name:____________________	Name: Chris Bright
Title:____________________	Title: President

EXHIBIT "C"

EXISTING RESTAURANTS IN DEVELOPMENT AREA

____

____

____

____

____

____

____

____

____

____

____

____

APPROVED:

AREA DEVELOPER	ZPIZZA INTERNATIONAL, INC.
By:____________________	By:____________________
Name:____________________	Name: Chris Bright
Title:____________________	Title: President

EXHIBIT "D"

ADDENDUM TO THE Z PIZZA INTERNATIONAL, INC.
AREA DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

In the State of Washington, we have secured a Surety Bond in the amount of $100,000 from Platte River Insurance Company. This Surety Bond requirement has been imposed by the Department of Financial Institutions, Securities Division based on the franchisor's financial condition.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___.

ATTEST

Z PIZZA INTERNATIONAL, INC.

____
Witness

By:_______________________
Name: Christopher Bright
Title: President

AREA DEVELOPER:

____
Witness

____

EXHIBIT E TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF CONFIDENTIAL OPERATING MANUAL

The following sets forth the table of contents of the Operations and Training Manual as of the date of this Disclosure Document, the number of pages devoted to each subject and the total number of pages in the Manual:

EXHIBIT F TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

(As of December 31, 2017)

Franchisee/Developer	Franchise/Development Location
Arizona	
Mitaben Patel and Kinjal Patel Oro Valley, AZ 480-867-6144	1015 South Rural Rd.#101, Tempe, AZ 85280
Full Circle Holdings LLC Angelica Steffen, Robert R. Curcio, Robert Steffen, Michelle Curcio 2370 S. Virginia Drive Yuma, Arizona 85364 520-329-8851	11165 N. La Canada Drive, Oro Valley, AZ
California	
Hamid Qadiri 13535 Zinnia Hills Place, #80 San Diego, California 921306 858-689-9449	10006 Scripps Ranch Blvd., San Diego, CA
Sukhpreet K. Grewal Lincoln, CA	3984 Douglas Blvd., Suite 140, Roseville, CA
Hristo Fiziev 12932 Newport Avenue, #15 Tustin, CA 714-734-9749	12932 Newport Avenue, #15, Tustin, CA
Jersey Pacific Ventures - Att: Tom Hanley 3141-D Crow Canyon Place San Ramon, CA 510-414-6283	3141 Crow Canyon Place, San Ramon CA
Robert Gosdanian & Sami Tabib 922 S. Silver Star Way Anaheim, CA 92808 714-350-6138	829 N. Douglas Street, El Segundo CA
Michael B. Forman 1280 Bison Avenue, #B-9-488 Newport Beach, CA 92660 949-533-9709	19035 Goldenwest Ave., Huntington Beach, CA 5746 E. Santa Ana Canyon Rd., Anaheim Hills, CA
Sam and Suja Pugazhendhi Seal Beach, CA 562-596-9300	148 Main Street, #B, Seal Beach CA
Chad Hunt & Jennifer DeWit 3720 N. Greenbrier Rd. Long Beach, CA 90808 714-624-0997	10035 Adams Ave., Huntington Beach CA
Russell Fghorishy 949-464-8117	32371 Golden Lantern, Laguna Niguel, CA

Franchisee/Developer	Franchise/Development Location
Helen Ro 213-280-2222	4612 E. Second Street, Long Beach, CA
R&S Adventure, LLC Irvine, CA 714-257-3000	421 South Associated Road, Brea CA 92821
Rajesh Dang Walnut, CA 909-621-7555	520 W. 1st Street, Claremont, CA 91711
Foodsies LLC 115 Remington Irvine, California 92620-3738	32341 Camino Capistrano, San Juan Cap., CA
Luis Venegas 3423 Via Lido Drive Newport Beach, CA 92627 949-355-8519	3423 Via Lido, Newport Beach, CA 3941 South Bristol, #F2, Santa Ana, CA
Bennett Hirsch & Kirby Hamman 1048 Irvine Avenue, #373 Newport Beach, CA 92660 949-887-6889	5175 Linda Vista Road #106, San Diego CA
Robert Ro 562-498-0778	5718 East 7th Street, Long Beach, CA
Kevin Hadfield Mammoth Lakes, CA 93546 760-934-5800	26 Old Mammoth Rd. Mammoth Lakes CA 93546
Larry Weng & Andy Stredde 2850 Park Place Laguna Beach CA 92651 415-309-4202	833 Mission Street, Ste C&D, San Francisco CA 94103
LoGrasso Enterprises, LLC Porter Ranch, CA 818-363-2600	19300 Rinaldi Street, Northridge CA 91326
MsCo,Jones, LLC 32341 Camino Capistrano San Juan Capistrano, California 92675 760-568-5405	73607 Highway 111, Palm Desert CA
Enes Arslan Garden Grove, CA 949-498-3505	1021 Avenida Pico #C, San Clemente CA
Alberto & Eduardo Mauro 1301 West 16th Street Upland, CA 91784 909-762-9932	1943-C North Campus Avenue, Upland CA
James & Judy Saso 495 W. 24th Street Upland CA 91784 909-982-9062	1365 E. Gladstone Street, Glendora CA 91740
Michael Solular 949-677-6654	25522 Marguerite Pkwy, Mission Viejo, CA

Franchisee/Developer	Franchise/Development Location
Sankaran Ganesan 1971 Wayne Circle San Jose, California 95131 408-746-5641	1190 N. Fair Oaks Ave., Sunnyvale, CA 94089
Jennifer Ehrencron/Second Slice LLC 10261 Jon Day Drive Huntington Beach, California 92646 closed Griffith Park in 2016	12430 Seal Beach Boulevard, Seal Beach, CA 90740 5933 Century Blvd., Los Angeles, CA
Daniel Dicristina/Nana's Pie 661-259-7108	27015 McBean Parkway, Valencia, CA 91355
Nevada	
Dani, Noel, Maria Martinez Reno NV 775-828-6565	3600 Warren Way, Reno NV 89509
North Carolina	
Stephen & Dan Drotts 1423-304 Pitching Wedge Drive Raleigh, NC 27603 919-302-2710 2 Locations closed in 2016	421 Fayetteville St, #103, Raleigh NC 27601
South Carolina	
David A. Duffy and Leslie Duffy Irmo, SC 803-888-6800	650 Lincoln, Columbia, SC
Texas	
Mike Forman Round Rock TX 512-869-5777	200 University Blvd., Round Rock TX 3300 Bee Caves Road, Austin, TX 5701 W. Slaughter Lane, Suite A160, Austin, TX
Virginia	
Michael Smith & Jeffrey Hicks 3575 Martha Custis Dr. Alexandria, VA 22302 703-980-0679	1051 West Broad Street, Falls Church, VA
Mohd Ehsanul Huq 12817 Galveston Ct Manassas, VA 20112 703-855-0947 1 Location in closed 2016	12817 Galveston Ct, Manassas VA 20112
Washington	
Paul & Lenora Boyd 4201 W 27th Pl, Kennewick, WA 509-735-3557	4201 W 27th Pl, Kennewick, WA

International	
Bahrain	
Mr. Alaa Abdulhasan Ebrahim Abdulla Buhussain 178-705-55	-Sultan Mall, Zayed Town, Kingdom of Bahrain -Juffair Mall (Level 3), Juffair, Kingdom of Bahrain
South Korea	
Kwon Oh 110 East 9th st, #A1139 Los Angeles CA 90079 213-670-0008	Hyundai Department Store, 180 Gilju-ro Wonmi-gu, Bucheon, Geyonggi-do, South Korea
United Arab Emirates - Dubai	
Harsh Pancholia 04-3449800	-Al Barsha: Shop No. 2, Dubai, UAE -Business Bay: Shop 1, Building No. 9, Bay Square, Business Bay, Dubai, UAE
Vietnam	
Lifestyle Vietnam Joint Stock Company 51 Xuan Dieu, Quang An, Tay Ho Ha Noi, Vietnam	-Syrena Tower, 51 Xuan Dieu, Quang An, Tay Ho District, Ha Noi, Vietnam -26 Ly Thai To, Hoan Kiem District, Ha Noi, Vietnam -Indochina Plaza, 239 Xuah Thuy road, Cau Giay District, Ha Noi, Vietnam

FRANCHISE AGREEMENT SIGNED – OUTLET NOT OPEN

Franchisee	Franchisee
Mitaben Patel and Kinjal Patel, Oro Valley, Arizona 85742 1 Location in Arizona	
Royal Melorin, LLC 1 Location in California	Mr. Amirali Sekehchi 1 Location in California
Greenway Foods 1 Location in California	Sepehr Star LLC 1 Location in California
Sally and Sami LLC 1 Location in California	Zak_Rt Pizza LLC 1 Location in California
Aria Capitals LLC 1 Location in California	Ali Rastgou and Daniel LLC 1 Location in California
A G Z Pizza LLC 1 Location in California	
Rita Santillanes Spokane, Washington 99201 1 Location in Oregon	

EXHIBIT G TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
(as of December 31, 2017)

Claudia Buisson 26052 Red Corral Rd. Laguna Hills, CA 92653 714-904-2480 1 Location closed, 1 Location transferred 2015	Alan & Marcela Grant 315 N. Winnipeg Place #J Long Beach, CA 90814 949-677-1967 1 Location transferred 2015
Sherman Sim 949-400-0003 1 Location transferred 2015	Ajay & Aruna Thakur 5204 N. Forestdale Circle Dublin, CA 94568 925-819-0657 1 Location transferred 2015
Tony & Vincent Manning 7332 Garfield Avenue South Richfield, MN 55423 612-964-3029 1 Location in Minnesota closed 2015	Leah Wu 3 Hillside Avenue Roslyn Heights NY 11577 516-621-3167 1 Location in NY closed 2015
Ruben Hernandez & Fernando Muzquiz 1300 Trinity Avenue Mission TX 78572 956-929-5010 1 Location in Texas closed 2015	Scott W. Davis 5799 Spruce Grove Court Haymarket, VA 20169 703-727-0320 1 Location in Virginia closed 2015
Linda Tran 1906 Keeter Run Chesapeake, VA 23320 703-869-2298 2 Locations in Virginia closed 2015	Ritu Shah-Burnham 18340 47th Place NE Lake Forest Park, WA 98155 412-999-4034 1 Location in Washington closed 2015
Mark & Julie Weeter 95 Holly Street Phoenix, AZ 85004 602-570-1419 2 Locations transferred in 2016	Jeff Goh & Richard Kato 1101 California Avenue, Ste. 100 Corona CA 92882 714-745-7890 1 Location transferred in 2016
Michelle Flint 909-714-1242 1 Location transferred in 2016	RJK Legacy, Inc. 748 Turtle Creek Drive Irvine, California 92603 1 Location transferred in 2016
Tom McKeone 4004 Gaines Court Austin, TX 78735 951-833-8591 1 Location transferred in 2016	Eric & Kellie Kruizenga Williamsburg, VA 23185 1 Location in Springfield VA transferred in 2016 2 Locations in VA closed 2016
Seth Simchowitz 949-278-7222 1 Location in Irvine CA closed 2016	Sanaz Nahandast 8657 Villa LaJolla Drive LaJolla, CA 92037 949-293-1495 1 Location in San Diego CA closed in 2016

CAC Holdings, Inc. 5625 Byington Drive Newark, California 94560 510-360-9900 1 Location in Fremont CA closed 2016	Jersey Pacific Ventures - Att: Tom Hanley 3141-D Crow Canyon Place San Ramon, CA 510-414-6283 1 Location in Danville CA closed 2016
Sai Services Inc. 1130 Candlewood Drive Tracy, California 95376 925-447-5000 1 Location in Livermore CA closed 2016	VALIK Corp. Vince Kalfayan Montrose, CA 91020 818-641-2245 1 Location in Pasadena CA closed 2016
Kelake LLC Kenny Cruz 3017 Douglas Boulevard, Suite 104 Roseville, California 95746 916-424-4222 1 Location in Sacramento CA closed 2016	Pacific Restaurant Group LLC 303-363-4830 1 Location in Denver CO closed 2016
New World Food & Services LLC 5315 Windward Parkway, #B Alpharetta, Georgia 30004 678-205-4471 1 Location in Alpharetta GA closed 2016	Sacca Colossus INC 471 Henderson Lake Dr Canton, GA 30115 770-330-5357 1 Location in Atlanta GA closed 2016
Cesar & Karen Llarenas 45-072 Namoku Street Kaneohe HI 97644 808-247-5757 1 Location in Honolulu HI closed 2016	Monica L. Schmook and Paul F. Schmook, 92 Hawk Drive Great Falls, Montana 59404 406-315-8165 1 Location in Great Falls MT closed 2016
Steven Curtis 183 East Pacemont Rd. Columbus, OH 43202 614-439-8029 3 Locations in Columbus OH closed 2016	Cynthia Baking 5079 N Hamilton Columbus OH 978-540-0053 1 Location in Columbus OH closed 2016
Pete Pitono 505 Monterey Lane, B-1 San Clemente, CA 92672 310-923-1568 1 Location in Houston TX closed 2016	Sam Hirbod 7180 Koll Center Parkway, #100 Pleasanton, CA 94566 925-931-5717 Unit never opened
Jim Carr 600 One Columbus Center Virginia Beach, VA 23462 757-615-2580 Unit never opened	C. Giantess, LLC Lindsay Pennica 5517 N. Bay Ridge Avenue Milwaukee, Wisconsin 53217 414-870-2929 Unit never opened
Stephen Olson Chandler, AZ 85249 602-234-3289 Closed in 2017	Enes Arslan Garden Grove, CA 714-257-3000 Transfer in 2017
Hwan Pak 2680 Norte Vista Drive Chino Hills, CA 91709 Transfer in 2017	Florin Tunaru & Jacobo Arroyo Rocklin, California 95765 Transfer in 2017

Solid Kore Group LLC Junho Song and Yuri Song 6237 Clapham Lane Johns Creek, Georgia 30097 770-817-0526 Closed in 2017	Debra VonWald 2732 Mayowood Lane SW Rochester, MN 55902 507-261-5759 Non-Renewal in 2017
Mohd Khalilur Rahman Manassas Park, VA 703-313-8181 Closed in 2017	MVB Enterprises, LLC Michael Blank Ashburn, Virginia 20147 703-621-8141 Closed in 2017
James Donnelly & Dean Marsden 2996 Thompson Park Lane Fairfax, VA 22031 703-965-8520 Closed in 2017	

International	
Rafia Al Mulla P.O. Box 98811 Dubai, United Arab Emirates 04-364-9292 1 Location in Dubai closed 2016	

EXHIBIT I TO THE DISCLOSURE DOCUMENT
SAMPLE COPY OF GENERAL RELEASE

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____________, 20___ by and between ZPizza International, Inc., a California corporation having its principal place of business located at 2601 Main Street, #910, Irvine, California 92614 (the "Franchisor"), Fransmart, LLC, whose principal place of business is located at 101 ½ S Union Street, Alexandria, Virginia 22314 ("Fransmart"), and _________________, an individual residing at _________________________ OR __________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, and Fransmart, its officers, directors, shareholders, consultants, and employees, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. California law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of California.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:	RELEASOR:
____________________________	____________________________
	(Name)
Witness:	FRANCHISOR: ZPIZZA INTERNATIONAL, INC.
____________________________	By:_________________________ Name:_______________________ Title:_______________________
Witness:	FRANSMART, LLC
____________________________	By:_________________________ Name: Daniel Rowe Title:_______________________

EXHIBIT J TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, ZPizza International (the Franchisor) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a ZPizza International Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of Franchisor, or by employees or authorized representatives of Fransmart, Inc. (Fransmart) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing ZPizza International Restaurant from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing ZPizza International Restaurant from an existing Franchisee?

   Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on ______________, 20___.

3. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

   Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

   Yes _____ No _____

   If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

   ____

   ____

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

   Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

____

____

8. Have you discussed the benefits and risks of establishing and operating a ZPizza International Restaurant with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your ZPizza International Restaurant will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the revenues, project cost, (project cost), profits or operating costs of a ZPizza International Restaurant operated by the Franchisor or its Franchisees, that is contrary to the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the ZPizza International Restaurant will generate, that is contrary to the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the ZPizza International

Restaurant that is contrary to or different from, the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a ZPizza International Restaurant?

Yes _____ No _____

15. Has any employee of Fransmart or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this Franchise? If so, who? ____

____

If you have answered "Yes" to any one of questions 10-17, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered No to each of questions 10-17, please leave the following lines blank.

____

____

I signed the Franchise Agreement and Addendum (if any) on ______________, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

____

____

____

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

D. You further acknowledge that Fransmart, Inc. has disclosed that it or some of its principals are investors in and franchise brokers for competing restaurant concepts, and that such restaurants may compete with your Restaurant.

Acknowledged this _____ day of _______________, 20___.

Sign here if you are taking the franchise as an INDIVIDUAL

____
Signature

Print Name______________________________

____
Signature

Print Name______________________________

____
Signature

Print Name______________________________

____
Signature

Print Name______________________________

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

____
Print Name of Legal Entity

By:______________________________
Signature

Print Name______________________________

Title______________________________

RECEIPT

(RETURN ONE COPY TO US)

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 ZPizza International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ZPizza International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: ____

____.

The issuance date of this disclosure document is: October 16, 2018.

ZPizza International, Inc. authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated October 16, 2018 that included the following Exhibits:

A – State Administrators/Agents for Service of Process	G – List of Franchisees and Developers Who Have Left the System
B – State Specific Addendum	H – Financial Statements
C – Franchise Agreement	I – Sample Copy of General Release
D – Area Development Agreement	J – Franchisee Disclosure Acknowledgment Statement
E – Table of Contents of Confidential Operating Manual	
F – List of Franchisees and Developers	

Date:____________________ (Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

You may return the signed receipt either by signing, dating and mailing it to ZPizza International, Inc. at 2601 Main Street, #910, Irvine, California 92614, or by faxing a copy of the signed and dated receipt to ZPizza International, Inc. at (949) 222-0304.

RECEIPT

(RETURN ONE COPY TO US)

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____.

The issuance date of this disclosure document is: October 16, 2018.

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